

JPRS-WER-85-075

13 September 1985

# West Europe Report

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13 September 1985

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POLITICAL

DENMARK

# KJELD OLSEN'S QUITTING POLITICS ANOTHER BLOW FOR SDP

## Jorgensen Praises Former Minister

Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 85 p 6

[Article by Ole Dall: "Anker Jorgensen on the Subject of Kjeld Olesen's Farewell to Politics: He Is Sensitive and Self-Respecting"]

[Text] Praises to Kjeld Olesen from Anker Jorgensen and Lasse Budtz. The SDP [Social Democratic Party] chairman gave a green light to the campaign against the intelligence service. Lasse Budtz knows Kjeld Olesen's secret source in the defense, and characterizes him as: "A person that one must absolutely have confidence in."

"I cannot understand it, but I clearly know that Kjeld is very self-respecting and sensitive toward what has been written and said about 'the case.' He has absolutely been a good man for the party, and I hope that we can continue to benefit from his abilities."

The words are Anker Jorgensen's. A couple of weeks ago Kjeld Olesen contacted the SDP chairman. "He said that he was fed up with the entire way the 'case' was being dealt with," said Anker Jorgensen to BERLINGSKE TIDENDE.

"The case" which stopped Kjeld Olesen's political life at Christiansborg is this summer's "molehill case."

In a letter to the prime minister Kjeld Olesen struck violently out at the Defense Intelligence Service. Olsen learned from a source in the Defense Department that the SDP delegation trip to Moscow was listed in the bulletin of the intelligence service SIK-NYT as "subversion"--undermining activity.

It was, however, a failure, and Kjeld Olesen admitted it. But he emphasized that it was confirmed that a 5-minute strike for peace supported by LO [Danish Trades Union Congress] was reported in SIK-NYT.

At the same time Kjeld Olesen and other SDP members accused the intelligence service of presenting a wrong picture of the conversations in Moscow.



Surprised

"Is this an overreaction by Kjeld Olesen?"

Anker Jorgensen replied, "One cannot be sure. I am surprised, and I do not believe he needed to leave the Folketing. I still believe that he was in the right. It is a fact that the LO peace demonstration was listed as 'undermining activity' and the trip to Moscow was reported--even though it was in another issue."

"Before Kjeld Olesen raised the issue of the intelligence service, he spoke with you. What advice did you give him?"

Anker Jorgensen replied, "He wanted to press the issue, and there was also actually a press meeting called. I said that was reasonable that the issue was raised."

"You gave him the green light to force the issue?"

Anker Jorgensen: "Yes."

"It could be said that therefore Anker Jorgensen is 'an accomplice' in some of the story not being true?"

Anker Jorgensen replied, "One can say what he wants to. It turned out that Kjeld had something correct. I cannot say where his information came from."

Knew the Source

"He is one of my best friends, and we have had eminent and loyal cooperation in the foreign affairs field. It is his political integrity which is now being expressed, but I do not mean that he needed to extend himself."

This was said by the foreign policy spokesman for the Social Democratic Party, Lasse Budtz, in a commentary on Kjeld Olesen's decision to leave Danish politics.

Lasse Budtz, Poul Nielson and Kjeld Olesen were the three politicians who took the party trip to Moscow. About the campaign against the Defense Intelligence Service, Budtz told BERLINGSKE TIDENDE:

"We have spoken about the matter for some time. I know Kjeld Olesen's source in the Defense Department, and I agreed with Kjeld that it was a person which one could absolutely trust. The source apparently mixed up the two reports. That can happen to anyone, but it is very unfortunate that this mixup occurred."

"Did you recommend to Kjeld Olesen that he go to the press with the criticism of the intelligence service?"

Lasse Budtz: "I will not go into detail about that. I was traveling when he raised the issue--but I am not opposed to his doing it."

#### Quit Over Security Service Controversy

Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 85 p 6

[Article by Carl Otto Brix: "A Period Placed at the End of a Political Career Which Was Aimed at the Top"]

[Text] The 53-year-old Kjeld Olesen chose to leave political life after the defeat over the issue of the listing of the Moscow visit by the intelligence service.

The distance between Kjeld Olesen and Danish politics has become greater during recent years. Therefore it was only the timing of Kjeld Olesen's farewell which was surprising.

Once more it has been demonstrated that politics is a bloody craft. It demands the body and soul of its man, and if he can or will not make the sacrifice things go badly.

It seems like a long time ago when Kjeld Olesen's name was listed among the possible successors of Anker Jorgensen. In the 70's he played a prominent role in social democratic governments. He entered the Folketing in 1966 and for years he was in the Social Democratic Party apparatus after an education in shipping. Jens Otto Krag made him Defense Minister, and Anker Jorgensen made him Minister of Communications and Transportation and later Minister of Foreign Affairs.

Kjeld Olesen has always been popular outside the ranks of the Social Democrats. One of the indications of this was when he ran in the first direct election for the EC parliament in 1979. He was the Social Democrats' champion top scorer in an otherwise poor election. But just a few months later he left the parliament and became foreign minister after the election which was caused by the breakup of the Socialist-Left government.

After his time as foreign minister in 1982 he tried to fit himself into a more private political life, and was put into the Folketing from Alborg, and naturally received many votes. But that was not exactly successful. The areas that he had busied himself with the most, he kept quiet about in the Folketing group and the Folketing hall. On top of that there were some personal tragedies which did not strengthen his temperament.

The straw which broke the camel's back was the issue of the intelligence service listing or not listing the trip of the three Social Democrats to Moscow as "undermining activity." It was a sad period for a political career which led to the second highest level.

Kjeld Olesen has himself said that he never wanted to be prime minister because he did not have the steadiness required. He can take the regular knocks, but then he wants to relax. And that does not work in a top post in politics. The unquestionable abilities which Kjeld Olesen showed as a politician and public speaker do not combine with the robust temperament required for survival in politics. He is too humane. The way his political life has developed in recent years indicates that he will go farther in the humanities than in politics.

#### Loss of Experience for SDP

Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 85 p 8

[Editorial: "Kjeld Olesen"]

[Text] Kjeld Olesen's resignation from political life will be accepted. Such are the rules of politics. When a politician believes that the confidence relationship between himself and the voters is broken, nobody can or should interfere with this action. Kjeld Olesen believes it, and his voters can do nothing but look for a new candidate.

Kjeld Olesen is leaving the arena in disappointment because the case which he raised against the Defense Intelligence Service did not have the impact nor the success that he had represented for it. Nobody should disagree with him. Yet Anker Jorgensen--beyond the general complaints about losing a capable colleague--continued to try to maintain that Olesen was right on one point and partly right on another. But the conclusion of the case showed that Kjeld Olesen had a stronger sense of reality than the party chairman.

Kjeld Olesen's departure will not cause any especially large holes in the Social Democratic Party hierarchy. His candidacy for the party's leading posts has been worn out too long, plagued as he has been with personal problems which have given his political path a strange, staggering course in recent years. But in the foreign policy area the hole will be greater when he leaves. He had difficulty himself in filling the post, and within the Social Democratic Party there is a feeling that the party, unfortunately, lacks politicians who can act firmly and consistently on the foreign policy scene. Kjeld Olesen already played out his role while he was minister, which was more flattering than when he was an opposition politician. Lasse Budtz is the formal Social Democrat candidate for the post should there be a change of government. But for many reasons he will have at least as much difficulty in filling the post as Kjeld Olesen. The party leadership should soon put somebody or other at work learning the foreign minister post. The learning time may be long, and considering the circumstances, it would not be so bad if it is long.

Kjeld Olesen's departure comes as an unplanned link in a chain of departures which have hit the party. Svend Jakobsen moved on to other pastures than those of the party group, Knud Heinesen withdrew entirely from politics. Soon

Anker Jorgensen will remain with a small Folketing group with little ministerial experience, from where it is easier to look at the past than at the future.

In the midst of this sorry situation it is refreshing to be able to note that Kjeld Olesen not only had a feeling of reality, but also the sense of responsibility enough to depart. The confidence between him and the voters was worn out. The confidence between him and the administration of the Ministries of Defense and Foreign Affairs was also. That could have played a role in his realization.

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CSO: 3613/189



POLITICAL

FEDERAL REPUBLIC OF GERMANY

SPD'S NEW BERLIN CHAIRMAN PORTRAYS SELF AS 'INVIGORATOR'

Bonn VORWAERTS in German 6 Jul 85 p 6

[Interview with Juergen Egert, SPD chairman in West Berlin, conducted by Gode Japs, place and date not given: "'I Myself Am the First Invigorator'-- Juergen Egert Wants To Get the Berlin SPD Moving Again--Shake the Dust Out of the Clothes!"]

[Text] VORWAERTS: After the election defeat everyone was agreed that the Berlin SPD had to be reformed root and branch. As the newly elected Land chairman, where do you want to start with the reform?

Juergen Egert: The new Land chairman has two tasks. We have to create a local organizational mobility for the SPD. The SPD organizations have to become permanent citizens' initiatives in their respective residential areas. In the 1,500 voting districts in Berlin, I would like to see comrades to be elected as interlocutors who will be constantly available to citizens in that capacity. The second task is to shake the dust out of the clothes of the Berlin SPD as far as issues are concerned. We have to make a Berlin contribution to the platform debate of the whole party. Let me give but three slogans for that: the future of labor; integration of economic, fiscal and social policies; a crossing of economy and ecology.

VORWAERTS: But surely municipal policy will continue to enjoy priority?

Egert: As for municipal policy perspectives, we obviously have to do some homework. There are some promising beginnings there. Our election platform definitely was appropriate, but we obviously did not know how to put our municipal policy perspectives across to the citizenry. We have to make it more gripping, to follow through afresh.

VORWAERTS: In your person, for the first time a leftwinger is the leader of the Berlin Social Democrats. Does this mean that there has been a move to the left on the Spree?

Egert: No, it means a return to commonsense on the Spree. I offered the party congress delegates integration from the left. I would like to bring the wings together in work. Toward the outside it must become apparent that we are masters in how to argue rather than in picking arguments. That way the attractiveness of the party can also be manifested in various confrontations.

VORWAERTS: How can the entrenched leftwing and rightwing of the party be made less rigid?

Egert: One prerequisite has already been fulfilled by the party congress. It granted me an advance in confidence. If I had only received the votes of the leftist delegates, I would not have become Land chairman. Carefully to guard this advance in confidence and to develop it further--that is the next task. This requires our talking more with one another, and not just about the decals of the other side.

VORWAERTS: At the Land party congress you said that what was needed now was to regain a Social Democratic consciousness. Can that sort of thing be ordered from above?

Egert: Certainly not. I would like the Land executive to embark on advancing the political process in the party itself. In other words, we do not want to be desk jockeys at the board table but to try to help develop a Social Democratic consciousness by going into the party, being available there as partners in the debate and participating in the political implementation of our decisions.

VORWAERTS: The Berlin SPD is considered a decidedly tired Land party. Do you have certain "invigorators" at the ready?

Egert: I myself am the first invigorator. I think I am dynamic enough (my being a go-getter comes in very handy there) to get the party moving. Part of it is that we have planned a great deal of work for the next few months. In the fall we want to start three campaigns--against the Bonn social policy, for the preservation of fixed rents, and against the space armament plans of the U.S. Administration. Those are enough invigorators. If the party follows me in this, we are sure to look in far better shape.

VORWAERTS: The election defeat of 10 March made it clear that many former SPD voters had gone over to the CDU. How do you intend to win these voters back?

Egert: We have to sharpen our replies particularly for those workers who traditionally vote Social Democratic. There the CDU has been very successful with its policy of glossing over things. We have to offer the voters concrete and successful ideas on how we intend to reduce unemployment. A second task is to win back voters from the Alternative List, particularly young people and women.

VORWAERTS: How is the SPD going to deal with the Alternative List under your chairmanship?

Egert: I would like to see to an easing of the neurotic relationship between the SPD and the Alternative List, between Social Democrats and Greens altogether. It is a neurotic relationship because many former voters and also members of the SPD are active there, and that can only lead to tensions. We want to become capable of a constructive debate on issues. There is enough material for this debate on issues. Take, for instance, the ideas of the Greens of dropping out of industrialized society: that is a subject we can tackle constructively and also start a dialogue about. In light of a conservative press, the Berlin SPD, in addition, must become self-confident enough to acknowledge ideas of the Alternatives which we approve of as Social Democrats in that vein.

POLITICAL

FINLAND

'SELF-CENSORSHIP' IN DISCUSSION OF EAST BLOC REEXAMINED

Helsinki KANAVA in Finnish No 5 1985 pp 271-275

[Commentary by Seikko Eskola]

[Text] Ten years ago KANAVA published an article entitled "Finnish Self-Censorship" by Carl-Gustav Lilius, the Swedish-Finnish sculptor and writer. It is one of those rare newspaper articles which have shaped the history of ideas and have influenced the whole political debate. It aroused immediate animated polemics, more animated than any other newspaper article has ever aroused in our country. Irritation and delight indicated that the writer touched a sensitive nerve during the Kekkonen administration in Finland. In the following, Chief Editor Seikko Eskola evaluates self-censorship from today's point of view.

When read today, the article by Lilius seems to belong to another time, a time when the foreign minister promoted the thinking that the Finnish Broadcasting Corporation was obligated in its operating license to carry out official foreign policy, and Stalinist university associations, which were living their golden age, demanded in the "Black Book" that the government ban a considerable number of textbooks because of anti-Sovietism, but, nevertheless, the fundamental problem experienced by Lilius is worthy of reexamination.

In addition to self-censorship, the concept of "Finlandization" was part of the writing critical of Finnish foreign policy at that time. This concept is not used so much today. The reason is probably the fact that those motives, primarily in the debate between the leading parties of the Federal Republic of Germany, which gave it impetus disappeared when the Social Democrats went into opposition. Also the showing of the 1982 presidential elections in Finland, without a doubt, had a considerable effect.\*

However, self-censorship should not necessarily be considered as a consequence of "Finlandization". Probably the best work on Finnish foreign policy written

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\*In reading the proofs I observed that THE ECONOMIST states in an article on Afghanistan (15 June 1985) that Russian foreign policy experts are now proposing the Finlandization of Afghanistan as a solution. The newspaper then presents those conditions by which the West could approve "the Finland option". Thus Finlandization continues to persevere as a concept.

by a foreigner is "Kekkonen's Policy" (1978) by Norwegian-American Professor Hans-Peter Krosby. Krosby severely criticizes the advocates of the Finlandization argument, but considers self-censorship to be a fact.

"The self-censorship practiced in Finland today is more of a tradition and a psychological training than a product of Soviet pressure. As such it must, indeed, be considered as a flaw in Finland's democratic practice even though it cannot be used as evidence of "Finlandization" or any other kind of Soviet remote control. In Finland it is an indigenous phenomenon, and in order to understand it, one must have more than a superficial knowledge of Finnish history." (Krosby 1978 pp 232--33).

#### Era of Autonomy Does Not Provide Explanation

Then how does Finnish history explain self-censorship? It would seem tempting to refer to the era of autonomy. This was a time of great development for the press as well as a time of continuing censorship also except for a couple of short exceptions.

In coming to Finland in 1898 the new Governor General N. I. Bobrikov was amazed at the courage, freedom, and high level of development of the local press. The Finnish-Russian press polemics in the early 1890s also does not provide any evidence of the silence of censorship. The sword of the written word was swung fiercely from here also. Indeed, Bobrikov succeeded in silencing our press, but after he was assassinated and after the general strike things began to really rage. And even the so-called second period of oppression did not bring a gag:

"That policy which is now being carried out with respect to our country is so absurd that one must, indeed, ask whether Russia's leading administrators have an understanding of how we operate here and where this policy will finally lead... Would not now be the time to come straight out and explain the situation in our country and the danger that lurks in aggravating our people by measures which are detrimental to Russia as well as to Finland, not to mention the fact that such measures of oppression are a disgrace to our century." (HELSINGIN SANOMAT 10 May 1912)

TYOMIES, the primary organ of the Social Democrats, for its part, wrote about the same issue 4 days later (14 May 1912), the so-called equality law. The headline "Unpretentious Law of Russia's Capitalists To Be Enacted" was altogether only slightly humble. And the text provides no evidence of self-censorship; even less of watchful censorship:

"Finland's working class has already many times stated its understanding and condemned these unpretentious laws of Russia's reactionary exploiters. These, if they are to be enacted, and why not enact them, are outright laws of violence...

"We must remember the encouraging fact that we are being oppressed by Russia's usurper class, which must fall from its position of power of necessity from its own conditions once development has reached this degree."



This is how effectively reactionary Tsarist Russia had suppressed freedom of speech in Finland! Indeed, self-censorship requires a different kind of historical legacy. Self-censorship cannot be the result of the era of autonomy.

And the first two decades of independence do not provide a key to our problem either. Writing about the Eastern neighbor was even more vehement. However, it was no longer particularly aggressive in the major newspapers at the end of the 1930s. For example, a picture less gruesome than the truth was in all probability given with respect to Stalin's great persecution and purges.

#### Roots in Continuation War

Professor Esko Salminen is correct in placing the beginning of foreign policy self-censorship in the self-censorship practiced by the government in the last war ("Aselevosta kaappaushankkeeseen. Sensuuri ja itsesensuuri Suomen Lehdissä 1944--1948" 1978. [From Armistice to Coup-d'Etat Attempt. Censorship and Self-Censorship in Finnish Press 1944--1948. 1978]). The Finnish Government, which was conducting a war along side of totalitarian Nazi Germany, had to resolve a problematical situation. The Germans did not understand the freedom of a democratic press. There were opportunities for restricting the press and numerous warnings were issued. Censorship was put into effect, but the majority (98 percent) of the texts went through as originally written. This demonstrates the strong hold of self-censorship on journalists.

But the Finnish press was not controlled from Berlin. Let us make reference to the statement made to General Erik Heinrichs, chief of the Finnish Army General Staff, by General Waldemar Erfurth, who represented Germany at the headquarters in Mikkeli, in the early spring of 1944:

"When one reads certain Finnish newspapers as a German soldier, one gets the impression of being in an enemy country. All communiques concerning the war originate from foreign news agencies. Every defeat suffered by Germany receives its share of derisive laughter directed at another's misfortune."

The German military attache in Helsinki, for his part, considered Finnish newspapers to be at the same level as Stockholm's "inflammatory newspapers" in their hostility toward Germany. Even if deliberate exaggeration is eliminated from these statements, they do, however, reflect the trend.

Thus this self-censorship was the result of Hitler's Germany, along with which a common war was being fought. Then the subject of self-censorship changed. But again it was a country with which great words of friendship were spoken. Self-censorship is directed toward a friend.

After the armistice the government began a purposeful guidance of the press for the purpose of defending a new foreign policy. Even otherwise, there is reason to note that Finland's censorship had already moderated defamation of the USSR since the beginning of the continuation war. From the president and the prime minister on down leading journalists were taught with conversation, interviews, and confidential information. It was made clear that the new policy could not

be criticized because of the sensitive situation. Not only was criticism of the Soviet system and Soviet leaders prohibited, but even criticism of other socialist countries, such as Poland, was prohibited.

The government emphasized that the same kind of voluntary self-control which the press practised in England and the United States during the war must be practised in Finland even after the war. As Salminen notes, President Paasikivi implanted foreign policy self-censorship in the Finnish press.

The readership did not know much about this guidance of the press in the years 1944--47. But if its effect in Moscow was positive, the result at home was not the same. Information from the Soviet Union remained scarce and when suspicions and rumors of control began to circulate, the new foreign policy, for its part, was subjected to more suspicion than a change of direction should have warranted. Sweden's newspapers became the most important news sources concerning Finnish and Soviet relations. They were also used here as a channel for publishing prohibited articles. Here they received additional authority as quotes from the foreign press.

After the conclusion of the peace treaty and the elimination of the supervisory commission along with it, instructions from the Torni Hotel to the Finnish Government ceased. But in practice a silenced press continued to exist. Thus as a consequence of the crisis years of the 1940s, there was created a tradition of self-censorship, by which we mean either a completely or partially voluntary system of control on foreign policy writing, especially a tendency to avoid any criticism of Finland's official Eastern policy and the Soviet Union and initially of Nazi Germany.

#### Conflict Between Kekkonen and Press

The writing of the Finnish press about the Soviet Union became more critical in the latter half of the 1950s and more negative traits about conditions there were reported. This became apparent even in literature. The domestic policy atmosphere was quite tense also during Kekkonen's first presidential term. In addition, this time period also encompassed the "night frosts" of 1958 and the diplomatic note crisis of 1961.

This writing was altogether distasteful to Urho Kekkonen, who was striving to develop relations with the Soviet Union. In the manner of Paasikivi he commenced correcting the press with stern reproaches, often publicly. He criticized the press for imprudent writing detrimental to the country. This criticism was directed against leading independent, Conservative, and Social Democratic newspapers. He emphasized that a friendly tone should be adopted in writing about the Soviet Union and its leaders. The public word had to know how to behave as a friend in the spirit of the YYA [Friendship, Cooperation, and Mutual Aid] Pact. The pressure was increased by Prime Minister Nikita Khrushchev himself when he bitingly criticized the Finnish press in May 1958 and January 1959.

This, for its part, made the subjects of criticism reprimand the president for the fact that he did not try to prevent "Russian interference" in the actions of Finland's press. He was also accused of using foreign policy for domestic

policy purposes. An evaluation of the validity of these arguments is not possible in this connection. But it can be said that in lead articles and commentaries criticism of the Soviet Union was quite apparent throughout the 1960s in comparison with a later period.

### Kekkonen's Victory

In his third presidential term and particularly in the 1970s Urho Kekkonen gained a decisive hold on all of Finnish society. Everything began to revolve around him. At that time he won the battle with the press. Writings critical of the Soviet Union were gradually eliminated from lead articles and commentaries.

Those who promoted the concepts of Finlandization and self-censorship abroad received extraordinary support for their arguments when during President Podgorny's visit to Helsinki in April 1973 in connection with the 25th anniversary of the YYA Pact the following statement was made in a joint communique of both presidents:

"It has been confirmed that the mass media of both countries have an important obligation to serve the continuous strengthening of friendship and confidence between the peoples of Finland and the USSR by promoting this important task with a sense of responsibility and objectivity without harming the continuing development of friendly relations between the countries."

This stand aroused indignation among Finnish journalists. It scarcely changed the writing of our country's press, but as we have stated, it was more detrimental to the reputation of our countries' relations abroad. A change had and was taking place in Finland's press, but for other reasons.

The writing of the Social Democratic press had already changed in the middle of the 1960s after Paasio moved policy a couple points to the left and the party entered the government. HELSINGIN SANOMAT changed its stand toward international politics to be more critical of the Americans and more understanding of the Russians at the same time that Eljas Erkkö's powerful hold began to slip.

The change that took place a few years later in the Conservative press, however, probably had the greatest effect on the overall picture. In assessing its situation in the beginning of the 1970s the party leadership came to the conclusion that it was imperative to create an impression of a party that is trustworthy from the point of view of foreign policy in order to break down the position of isolation and achieve validity in government policy. It began to define those domestic policy disadvantages which negative writing about the Soviet Union produces. This message was gradually made clear to the Conservative press.

The foreign policy acceptance of the Conservative Party has been confirmed in several authoritative statements. As is known, it has not opened up the doors of the Council of State. "The necessity of "foreign policy trustworthiness" is not self-evident since the doors were opened to the SMP [Finnish Rural Party] even though it did not do anything to demonstrate this. Rather it even broke some foreign policy windows.

Self-censorship has remained in a kind of consensus framework in the 1980s. What Kekkonen was able to achieve with tongue lashings and threats, Koivisto has been able to keep with gentleness -- and while mentioning this we recall speeches about lemmings and soothsayers.

It would, however, be incorrect to argue the less critical writing about the Soviet Union by the Finnish press in comparison with the press in Western countries is just the result of a fear of discrimination and a demonstration of government acceptance. Good relations between the two countries already have a history of four decades. No outwardly visible crises have appeared since 1961. In Finnish public opinion this gives the impression that we have adopted a more understanding attitude toward the Soviet Union than in Sweden, Norway, West Germany, England, and the United States. This is not the complete answer to self-censorship. But in evaluating it this must be taken into consideration.

### The News and Opinions

In examining self-censorship there is reason to separate the news and opinions from each other. There is reason to establish different criteria for them. As far as the news is concerned, such a criterion is "a picture of the world based on correct information and the facts" as the regulations of the Finnish Broadcasting Corporation pertinently define this matter. The same document states that the news value of a phenomenon is determined by the following three factors: the actual forcefulness of the effect of events and their extent as well as their significance from a Finnish point of view.

According to all those criteria, news concerning the Soviet Union belongs to the most important group of foreign information. The Soviet Union is a super power, and lies right next door to Finland. Its events influence all of mankind and especially the Finns. Information concerning it should be valid, based on the facts, and should relate all significant events.

The Finns should be just as well informed of events in the Soviet Union as the people in Scandinavia and Western Europe. This, however, is not possible inasmuch as the Finnish news media remains silent about events and traits that are negative from the Soviet point of view. It is ridiculous to imagine that only the positive can take place in any one country. On the other hand, news about crises and accidents is frequently quite significant with regard to its effect.

Does self-censorship affect the transmission of news concerning the Soviet Union? Generally speaking, the answer to this question is in the negative. Significant news events negative from the Soviet point of view reported in the world press is generally picked up by our news media, indeed, with smaller headlines and less emphasis than in Western Europe and the United States. But self-censorship does appear to some degree. It is evident, for example, in the presentation of events in Afghanistan and in human rights questions. Anyone desiring more thorough information must turn to foreign newspapers.

Self-censorship extending to news and other factual material must perhaps be approved in Finland in a certain area of journalism. I refer to television.



Finnish television transmissions seen in Estonia are in all probability the only form of free-speech media from a democratic country which reaches Soviet residents in a language understandable to them, but is not directed there for the purpose of propaganda. It is of considerable informational significance there. Those determining the content of Finnish television programming must take this into consideration. But this weakens the position of television in our own country in relation to other forms of media.

Even a relatively limited familiarity with the writing of the press in other Nordic countries, Central Europe, and the United States already demonstrates that self-censorship is observed in Finland in the area of editorials and other materials relating to opinions. Even relatively moderate criticism of the Soviet Union is missing. The reasons have already been considered above.

In itself it should not be considered any kind of misfortune that we do not protest conditions in the Eastern super power and its policies. Our objections will not change decisions in Moscow. They do not have any significance in Washington, Cuba, Nicaragua, Jerusalem, or South Africa. They can be easily abandoned. What is most important is that editorials place issues in their proper perspective and demonstrate what they mean. Self-censorship must not affect this.

In this connection there is reason to draw attention to a certain event of self-censorship. A couple months before the appearance of Osmo Jussila's book "Terijoen hallitus" [The Terijoki Government] -- thus before there was any familiarity with the work -- a certain Social Democratic newspaper printed an editorial in which it was given to understand that there is no reason to research such "troublesome subjects" since they will not support the development of a policy of friendship. Such interference in the freedom of research is difficult to understand.

The decline in the influence and support of the Communist Party is also reducing the need to criticize conditions in the Soviet Union. In their golden age communism and leftist radicalism used the uncritical glorification of conditions in socialist countries as an ideological weapon and condemned events everywhere else with equal bias. At that time opponents were compelled to use criticism of conditions in the Soviet Union as a weapon. This occurred thus as a result of a domestic battle of ideas and not because of the Eastern neighbor. This need has become less as communism has declined. Thus the decline of the Communist Party is beneficial to Finnish and Soviet relations.

#### Problem of Credibility

Recently, there has been a debate on the so-called symmetry problem. Can the same criteria be used in evaluating socialist and democratic countries? A completely different journalistic culture prevails in each of them. In the former the media does not criticize the government's leadership and its policies or its own system even though individual discrepancies are severely criticized. It has been demanded that these different journalistic cultures should be taken into consideration and thus different criteria should be used.

This should not be allowed to happen under any circumstances. Taking different journalistic cultures into consideration would result in the fact that the Finnish public would be placed at the mercy of the country from which information comes. In such an event we would not be able to apply independent Finnish criteria. The needs of the point of information and not of the Finnish public would then dictate the transmission of information.

The task of the news media is to sift the valid and the important from material concerning foreign countries as well as to transmit this information to the public according to the same standards and criteria regardless of the country in question. Inasmuch as this is compromised, we will find ourselves in an open dual morality. This would be destructive from the point of view of the media as well as of a debate.

In addition to an open economy, we are also living in a open competitive situation with respect to the media. TIMES, NEWSWEEK, and many other foreign publications are available from R-kiosks around the country. Different criteria would be an outright gift to them. The expansion of foreign language capability is constantly increasing their potential markets. Self-censorship is also a problem of credibility for the Finnish media in a situation in which there are ample points of comparison.

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POLITICAL

FINLAND

### THREE POLLS AGREE IN DISCERNING SERIOUS LOSSES FOR LEFT

#### Setback for SDP, SKDL

Helsinki UUSI SUOMI in Finnish 18 Jul 85 p 8

[Article: "Most Recent Survey Confirms Trend: Support for Left in Sharp Decline"]

[Text] Economy Research's new opinion poll on party support shows a clear drop in backing for the Left. According to a survey made for the paper APU, the Social Democrats (SDP) have fallen 2.4 percentage points since the 1983 parliamentary elections and the People's Democrats (SKDL) 1.5 percentage points.

The opinion poll also forecasts a slight loss for the Conservative Party and the Center Party. Support for the Greens has risen nearly 3 percentage points, according to the survey. The Finnish Rural Party and the Swedish People's Party have also increased their support somewhat.

According to the survey conducted in June, the parties' support percentages are the following (result of 1983 parliamentary elections in parentheses): Social Democratic Party 24.3 (26.7), Conservative Party 21.7 (22.1), Center Party and Liberal People's Party 16.9 (17.6), Finnish People's Democratic League 12.5 (14.0), Finnish Rural Party 10.1 (9.7), Swedish People's Party 5.1 (4.6), Greens 4.4 (1.5), Christian League 3.0 (3.0), Constitutional Right Party 0.5 (0.4), others 1.5 (0.3).

Economy Research conducted its previous opinion poll last April. The Conservative Party, the Finnish Rural Party and the Finnish People's Democratic League--whose support would seem to have bottomed out--increased their backing most clearly between April and June. After April, only the Social Democratic Party has shown a substantial loss of support, nearly a percentage point.

The survey was conducted between 2 June and 2 July. In it were interviewed 1,908 citizens over 18 years of age in 131 localities.

#### Borg Thinks Situation Has Stabilized, Nothing Sensational in View

"There is nothing dramatic in the latest opinion poll, the results are almost exactly the same as in the earlier ones," judges Professor Olavi Borg. "I would claim that we are now living in a clarification phase, there is nothing sensational in view. This is a quiet, Finnish, low-profile period.

"The consistently strong support for the Finnish Rural Party is interesting. The Finnish Rural Party has advanced since the municipal elections and the previous two polls. Continuous publicity and the Pekka Vennamo line have increased the party's support, which has not been shaken by the Leppanen uproar and other phenomena. The party's popularity rests largely on the image of Pekka Vennamo," believes Borg.

"Support for the largest parties seems to have clearly stabilized. Support for the Social Democrats remains constantly under 25 percent, and support for the Conservative Party appears to stay at a very consistent 21-22 percent, a peak of 23 percent has not been reached yet."

#### Forecasts Have Not Proven True

"But the distinct polarization development which was predicted has not occurred. The party field is not divided in such a way that the Social Democratic Party and the Conservative Party come away with more than half the votes. The traditional Finnish system of small parties seems to have taken root," confirmed Borg.

"It is hard to assess the support for the Greens, because the voters are mobile and the surveys do not always catch up with them. Since the national elections, the Greens' trend has clearly been upward, support has swung between 4 and 6 percent and has sometimes even been 6-7 percent.

"Roughly 15 percent of the people are outside the traditional party system. The Finnish Rural Party is, to be sure, a borderline case, because it is no longer so distinctly an opposition party but rather is starting to be identified as a traditional party," says Borg.

#### Greens' Soininvaara Cautious: Figures Not Startling

Osmo Soininvaara is not surprised by the new reading of support for the Greens. In his opinion, however, the outcome of the next parliamentary elections cannot be forecast from opinion polls.

"The result has an effect on the Greens' specific gravity. But it does not startle the Greens one way or the other. The figures seem generally sensible," comments Soininvaara.

Support for the Greens has risen nearly 3 percent compared with the last parliamentary elections. Soininvaara does not blindly believe in the April-May opinion polls. Their figures were considerably higher.

"They are conducted in a different way, and the surveys of various institutes should not be compared with each other. The biggest difference is in the attitude toward first-time voters," notes Soininvaara.

"Economy Research has tabulated the Greens and the group 'others' separately, and that is a good thing. It must be taken into account when the outcome is interpreted."



According to Soininvaara, the result of the parliamentary elections cannot be accurately predicted from opinion polls. As far as the Greens are concerned, the parliamentary elections are in large part personal elections, and the candidates are still unknown. Support is determined in accordance with them. The support's regional distribution is also an essential matter to the Greens when the size of the parliamentary group is predicted. The Greens' campaign and slate of candidates for the next parliamentary elections are completely unplanned.

Soininvaara says that the majority of Greens have rejected the ideas which have provoked the anger of Pentti Linkola, and thus they do not have an essential effect on the support figures.

#### Conservative Newspaper Comments

Helsinki UUSI SUOMI in Finnish 19 Jul 85 p 2

[Editorial: "Latest Poll"]

[Text] The latest opinion poll reveals that support for both the SKDL and the SDP is in decline compared with the results of the 1983 parliamentary elections or last autumn's municipal elections.

There is no reason to beat one's breast in the manner of KANSAN UUTISET and declare that support for the SKDL has "shifted upward." On the contrary, the opinion poll shows that support for the Communists and the People's Democrats has declined a good 1.4 percentage points since the municipal elections. And the drop is even greater compared with the parliamentary elections.

If the Left's support does not shift upward by the parliamentary elections, our country may give birth to a postelection government in which the Social Democratic Party no longer has a leading post better than that of prime minister.

It is certain that the SDP will lose its current social positions if the electoral alliance breakup advocated by Finnish Communist Party First Secretary Esko Vainionpaa is implemented. And an electoral alliance breakup would, of course, be particularly hazardous to the Communists and the People's Democrats, who would lose a considerable part of their current parliamentary power.

The reasons for the decline in the Left's support must be sought, naturally, in the policy it pursues. Cabinet policy, which in the era of revenue policy has become the rule rather than the exception, entirely ignores the working masses in policymaking. And since the "labor leaders" have been supporting the cabinet policy nearly as enthusiastically as the nonsocialists, it is no wonder that many workers do not experience the labor movement as an alternative to other political movements.

Free of cabinet policy, free of revenue policy, let the workers make decisions about their own affairs. Therein lies the way for the Left to acquire support for a new ascent.

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POLITICAL

FRANCE

BARRE ON EUROPEAN DEFENSE, EAST-WEST TRADE, FOREIGN POLICY

Paris POLITIQUE INTERNATIONALE in French Spring 85 pp 7-32

[Interview with former Prime Minister Raymond Barre (1976-1981), by Patrick Wajzman: "Moderation in Foreign Policy"; date and place not given]

[Text] Patrick Wajzman: I would like, Mr Prime Minister, at the beginning of this interview for us to touch on East-West problems. First of all a simple question: do you accept the idea that for the Soviets "detente" is only a "tactic," only a non-military means intended to numb the vigilance of the West in order better to subvert it?

Raymond Barre: I will respond to your question on this important subject by being careful not to fall into that simplistic Manicheanism which is fashionable in some circles today and which, in my opinion, could do a disservice to the cause of freedom and peace.

I believe in the necessity of detente but I reject the "illusions" of detente. The process of detente makes it possible for the two superpowers, by maintaining a dialogue, to keep from going to the extremes, to the clash of arms and to the apocalypse. It also contributes to the stability of Europe: don't forget that Germany is divided, that the FRG will never accept being completely cut off from the GDR, and that an interruption of the East-West dialogue would precisely create in the FRG a feeling of frustration with unforeseeable consequences; in short, detente and the East-West dialogue prevent the FRG from being exposed to temptations which would be harmful to everyone.

Wajzman: And what about the "illusions"?

Barre: I'm coming to that. The process of detente has caused some naive or overly confident minds to believe that the USSR would give up the pursuit of its big power interests as it sees them and that it would divest itself of its Messianic view of history. That is obviously absurd. That is the reason why detente must be coupled with constant vigilance by the West and with a sustained effort to defend the free world. De Gaulle did not start practicing his "opening to the East" policy until the moment when France had equipped itself with a credible strike force: that is an example to think about...

Wajzman: Undoubtedly. But you still haven't told me whether you think that, for the Kremlin, detente could be something other than a trick; something other than "the war which continues but with different means"...

Barre: The last thing I want you to think is that I want to evade the issue. On the contrary, I want to be absolutely explicit on those points. There is always an ambivalence in the policy of nations; especially when it involves a state like the USSR which is also -- let us not forget it -- an ideocracy. I think that for the USSR detente corresponds both to the desire to find a *modus vivendi* with the capitalist camp and the desire to pursue its ideological goals. It is essentially an ambiguous phenomenon. But isn't foreign policy in every country the art of managing ambiguities? And is there a foreign policy which does not involve some trickery? Quite a subject! I would in any case refer you to the chapter which Raymond Aron devoted to the nature of the Soviet regime in "Les dernières années du Siècle" [The Last Years of the Century].

Wajzman: Allow me to insist, Mr Prime Minister. Between 1975 and 1980, approximately 100 million individuals came -- directly or indirectly -- under Soviet influence. Do you consider that a "positive" result of detente?

Barre: The facts you have recalled in a certain light are not the result of detente but the consequence of developments in certain regions which the United States and its allies had no influence on. Should they enter into war or into operations of which the success was more doubtful? As for detente, many Western countries have too easily accepted its "divisibility": the tacit agreement between the superpowers, the stability in Europe, have led to a certain indifference to destabilization in the peripheral areas -- in Africa, in Asia, in Central America. France, however, has remained vigilant to prevent the destabilization of French speaking Africa, sometimes by taking the risk of military commitment!

Detente must be global, that is to say that it must concern the world. If it isn't, then it is up to the Western countries to conduct their foreign policy accordingly! It is up to Western opinion not to allow itself to be abused!

Wajzman: How do you explain the fact that Western leaders spend more time "psychoanalyzing" Soviet imperialism, deciphering its causes and reasons, rather than opposing it in a coherent manner?

Barre: I would first ask you how far the Western leaders are willing to go, because that is the heart of the matter. For example, there has always been an implicit understanding between the two superpowers to avoid a direct confrontation which could turn into an armed conflict. Next, I would answer you with a question: do the Western countries today have a "grand foreign policy" or even a "foreign policy," as the United States did right after the Second World War and during the fifties, as De Gaulle had during the sixties? I am not certain. In Western democracies, foreign policy has often become the appendage of domestic policy. At least, the approach of elections sometimes inspires notable changes in speeches and behavior: look at the new course of foreign policy in the United States prior to the presidential elections of 1984!

There is no strategy which is really global, and perhaps this would be increasingly difficult to conceive and implement in the world of today. Numerous powers have had a tendency to become inward-looking: Great Britain, for example, has abandoned its positions east of Aden. Even the United States, under Nixon and Kissinger, and then again under Carter, showed a certain degree of blindness and let down their guard. When reality becomes threatening, then a sudden burst of activity occurs. The American intervention in Grenada was the result of the realization by the United States that it suddenly had a "border" very close by, and the policy of that Central American country proceeds from the same inspiration. Perhaps the main factors which play in favor of the Soviet Union are the global nature and continuity of its foreign policy and its independence of domestic policy considerations.

Wajzman: Those in the West who "psychoanalyze" the USSR state that its conquests are often prompted by a "defensive reflex" and are aimed at breaking a "complex of encirclement." What do you think about that?

Barre: I don't think that our role consists of wondering tirelessly about the motivating forces behind Soviet expansionism. Every superpower is implicitly or explicitly expansionistic; but the totalitarian character of the Soviet regime gives a particular nature to that expansionism which, consequently, must be contained, dammed. Having said this, it is clear that the USSR has always suffered of a siege complex; as a matter of fact, it presents some of its expansionist operations as being the result of "defensive" concerns. Which, of course, doesn't justify anything!... Some faits accomplis can neither be justifiable nor justified.

Wajzman: Are you referring to Afghanistan?

Barre: Yes. A certain number of experts believe that the USSR did not enter Afghanistan in order to move toward the warm seas, as has often been said, but because it feared an American intervention in Iran. For the Kremlin, the Kabul coup would have been first of all a "locking" operation of what the Soviet Union considers its "border." You also know Pierre Metge's thorough analysis in "L'URSS en Afghanistan, de la coopération à l'occupation (1947-1984)" [The USSR in Afghanistan: From Cooperation to Occupation (1947-1984)]: he didn't find any confirmation of the thesis of a "plan to absorb" Afghanistan by the USSR and claims that it was caught in a chain of events. All those explanations do show that one cannot limit oneself to hasty and summary judgments, but I repeat, the explanations cannot constitute any justification for Soviet intervention in Afghanistan.

Wajzman: Do you think that there are "hawks" and "doves" within the Politburo? And do you think that the West has the means to favor the latter at the expense of the former?

Barre: I leave such research to the Kremlinologists. As a matter of fact, it is a distinction which is made just about everywhere, including within the American administration. It seems to me rather that a class of younger leaders is appearing next to the old guard of Soviet leaders. The "old ones" seem more suspicious toward the West, more reluctant, tougher. In fact, we don't know anything about it and I don't see how the West could try to favor the latter



at the expense of the former! Such an idea would not lack candor or thoughtlessness.

Wajzman: One could state the opposite. As a matter of fact, unlike their elders the younger Soviet leaders have only known the USSR as a superpower; and this feeling of invincibility is likely to increase, a little bit more, their imperial appetites!

Barre: I don't fully share the idea that the USSR is "a superpower." It has significant domestic problems and it is not sure of the loyalty of its vassals. Consequently, I have difficulty imagining that it is ready to take on additional risks. It takes advantage of the opportunities that are offered to it. It uses all its influences, uses mercenaries, practices disinformation.

I always remember the judgement formulated by George Kennan in a dispatch in February 1946, which he sent from Moscow where he was stationed: "the Soviet power, unlike Hitler's Germany, is neither simplifying nor adventurist. It does not take any unnecessary risks. Insensitive to the logic of reason, it is highly sensitive to the logic of force."

Wajzman: Let us go forward in the analysis, if you don't mind. Do you have the feeling that communism is irreversible or do you believe, on the contrary, that the West has the means to push it back? My question applies to Eastern Europe, but also to the Third World.

Barre: Communism doesn't seem irreversible to me, but it is a long term business. I don't think that it shows the direction of history, to the extent that there is such a thing. However, I doubt that the West has the direct means to push it back, as you seem to believe. This backward surge will come from inside the nations more than from the outside. Eastern Europe has been subjugated militarily and ideologically. What is happening there is contrary to the realities and aspirations of dominated peoples. What the West must avoid at any cost is to incite passions in vain and to give false hopes to the countries of Eastern Europe. It is not by giving major speeches about Soviet influence that we will remove the people's democracies from the Soviet orbit. Remember: in 1956, the "Free Voice of America" made the Hungarians believe that the Westerners would fly to their rescue. When the Hungarian revolution crossed the threshold of tolerance for the security of their empire, the Soviets intervened militarily and the Americans and other Westerners didn't move! Similarly, I am convinced that, in spite of the fiery tirades one hears regularly in some political circles of the Western world, no government in the West will take the risk of triggering a world war to help the Polish people shake off servitude! Poland stands on the communication line between the USSR and the GDR and the FRG. The USSR will never accept to "lose interest" in it. Moreover, the Westerners are well aware of that; but many of them prefer to give themselves a good conscience at a low price and to camouflage their weakness behind verbal gesticulations. It is not very convincing...

Wajzman: Be that as it may. But what precisely is the "convincing" attitude which the Westerners are supposed to adopt?

Barre: It is by increasing relations of all kinds with the countries of Eastern Europe -- which are, don't forget, countries with old European traditions -- that we will succeed in fostering a development which corresponds to the deep aspirations of their peoples. Moreover, public opinion, the intellectual, moral and political authorities can exert considerable pressure on the governments of Eastern Europe: look at the example of Pope John Paul II. The USSR signed the Helsinki Agreements: we must make sure that the commitments made in the "third basket" are respected and continuously recall those commitments, whether it concerns the circulation of people or of ideas. We must always pay tribute, without beating about the bush, to those, in Poland or elsewhere, who courageously demonstrate that the Spirit cannot be broken.

Besides, the efforts achieved in terms of detente since the mid-sixties have not been in vain. The "Iron Curtain" Churchill talked about is no longer as watertight as it used to be. Scientific, technical, economic and cultural exchanges between the countries of the West and the countries of the East have grown a great deal. The Red Army intervened in Hungary in 1956 and in Czechoslovakia in 1968, but it did not do so in Poland in recent years!

In the Soviet Union itself, the phenomenon of "dissidence" is no longer treated the way it was in the past. Under Stalin, any opponent of the regime was immediately eliminated; today there are more "subtle" procedures: for example, confinements in psychiatric hospitals for one's opinions. These confinements constitute a serious human rights violation, as is the ban on emigration by Jews in Russia.

Wajzman: Would you say that the Soviet government has evolved a great deal?

Barre: The Soviet government has, to a certain extent, evolved. Raymond Aron noted it in "Les dernières années du Siècle": "Brezhnev does not terrorize his companions. The concentration camps still exist but the number of people in concentration camps is no longer so monstrously high as it was at the time of triumphant Stalinism. The most illustrious dissidents no longer disappear somewhere in the Great North; they leave the USSR or are expelled; others are deprived of their nationality and their passport while they are in the West. Compared to the Khrushchev phase, intellectual freedom is regressing today, even though it is progressing compared to Stalinism" (page 184).

The change took place not as a result of external pressures, but because Soviet society is in full evolution. How could a country which, like the USSR, develops scientific education and training, and sends people into space, not be eaten progressively by the "irrefutable worm" of critical judgement? There has not been and there probably could not be another equivalent of the Lyssenko affair!

Nevertheless, there remains an absolute difference in nature -- a moral difference -- between the regimes of the West and those of the East, and we must always refuse to recognize any identity between them.

Wajzman: And what should the Westerners do, in your opinion, in terms of the destabilizing maneuvers of the USSR outside Europe, in all peripheral theaters?

Barre: With regard to the developing countries, the West should conduct a generous policy which doesn't skimp on resources, which is not completely dominated by short term economic or political interests, and which takes into account the national and social aspirations of the peoples of those countries. Too often they turn to the USSR less for reasons of ideology than for lack of any other alternative, because regimes and policies which the large majority of them reject are often supported and protected by the Western countries.

Wajzman: Such a development policy is necessary. But it involves the medium or the long term. What can be done today? Aren't you in favor of supporting all movements which oppose Marxist governments in the field? Shouldn't we help the "Contras" in Nicaragua, the resistance in Afghanistan, the guerrillas of Son Sann and of Sihanouk in Cambodia, the partisans of Jonas Savimbi in Angola?

Barre: I'll be careful not to give you a definitive and uniform response: it all depends on the case. It is very easy, for the good of the cause, to label certain governments as "Marxist" and certain protest movements as "anti-Marxist." As a matter of fact, I have noticed that governments are cautious for lack of capacity to intervene effectively and for fear of being forced into costly and sterile operations. Prior to his election, Francois Mitterrand advocated recognition of the Afghan guerrilla movement: did he recognize it? No. I don't think that Mr Mitterrand's deep feelings about this have changed; but there are constraints... After having cited Afghanistan as a reason to freeze any high level political dialogue with the Soviet Union, he ended up going to Moscow without anything having changed in Kabul. Similarly, in January 1985 in Geneva Mr Shultz and Mr Gromyko renewed the negotiations which had been interrupted for a long time; and talks about the Middle East just took place, in February 1985, in Vienna, between Americans and Soviets without the latter having agreed to include Afghanistan in the discussions. I could find other examples...

Wajzman: There probably are constraints. But what is your profound feeling about this problem? Should one, yes or no, from a double point of view -- moral and political -- help all those resistance movements to prove that communism is not irreversible?

Barre: Allow me to tell you that the international politics of nations is less easy to conduct than is thought by those who invoke moral principles all the more easily because they don't have any responsibilities. We should, of course, help the Afghans, give them food, medicine and weapons; but everyone knows that there is nothing else that can be done for the Afghan resistance movement.

As for the "anti-marxist" movements in Central America, I am afraid that some of them defend specific interests which are only vaguely related to the proclaimed cause, to freedom and democracy. Whatever one's judgement of the Sandinistas in Nicaragua, I don't think that the current American pressures

can easily be accepted with the simple explanation that, from "Afghanistan to Nicaragua" (to speak like President Reagan), the United States is on the side of the "freedom fighters."

As far as Indochina is concerned, I believe that we should provide aid to the unfortunate and courageous Cambodians. France in turn cannot maintain harmonious relations with Hanoi: the military operations in Cambodia as well as the recent trials in the Vietnamese capital do not allow it.

Having said this, I don't see how it would be possible to prove, by helping opposition or guerrilla movements, that communism is reversible. Because when this proof is produced, it is because domestic realities have brought it about. Look at Guinea or Mozambique.

Wajzman: Among the means of pressure the West can use against the USSR, is trade. Don't you find it curious, Mr Prime Minister, that by developing its trade relations with the Soviet leaders, the West really helps people who want to destroy it?

Barre: You should not mix up different areas, that is to say trade relations and political relations. If one were to give in to that temptation, then international life would quickly become untenable! But I don't for all that give way to pacifism and other-worldliness. Unlike some other people, I don't believe that East-West trade should be conceived as a means to liberalize the communist societies and to convert the Eastern countries to the benefits of capitalism.

Wajzman: Hence you are hostile to Samuel Pisar's theories: it is an important specification...

Barre: I don't think that one should expect political results from East-West trade which it is by nature unable to produce. I believe rather that the lever of political development in the countries of Eastern Europe is -- and will be -- the power of national feeling against foreign domination and that of the natural human rights feeling against an ideology which limits human freedom and the independence of peoples.

As for the actual role of international trade, it seems to me that it has been defined by John Stuart Mill on a famous page of his "Principles of Political Economy." "It is trade which quickly renders war obsolete, by strengthening and multiplying personal interests which naturally oppose it. And it can be said without exaggeration that the major expansion and rapid growth of international trade, being the principal guarantee of peace in the world, constitute the major and permanent bond favorable to the uninterrupted progress of the ideas, the institutions and the character of the human race." That is, in my opinion, the major interest of East-West trade: to contribute to peace.

Wajzman: Those who are opposed to the development of trade with the Kremlin support various categories of arguments. I would like your opinion on those objections.



Barre: Let's go!

Wajzman: Some people claim that the USSR is not a sufficiently reliable trade partner. The proof -- they say -- lies in that it didn't guarantee such failing borrowers as North Korea in 1978 and Poland in 1981...

Barre: That type of reasoning seems wrong to me. The Soviets are extremely reliable trade partners. The fact that they don't want to support the totality of the burden of their "empire" in terms of international debts is a completely different problem. However, they didn't refuse their aid to some of their allies in trouble.

Wajzman: Another argument: the West has no reason at all to let the USSR benefit from subsidized credits...

Barre: There again, you have to be clear. Personally, I have always defended the following thesis: trade, not aid (trade: yes, subsidy: no). Having said this, when a Western country concludes trade agreements with the USSR on substantial projects, it is normal that it should grant special credit terms to its Soviet partner. This is a perfectly natural attitude which is tied to the interest of trade and not to I don't know what excessive "sympathy" for the Kremlin! Besides, when we sell Airbus units to American companies we also grant them advantageous conditions: that is an element of the contract. Neither more nor less. Finally, I would add that there is a "consensus" among the countries of OECD relative to the interest rate on credits granted to the Soviet Union. France respects it, even though it is to a certain degree disadvantageous to its trade with the Soviet Union.

Wajzman: It is also said -- which is obvious -- that some strategic materials delivered to the USSR by the West make it possible for the USSR to increase the threat it directs toward us. Isn't that a suicidal attitude on the part of the free world?

Barre: It could easily be argued that "everything is strategic": why would the wheat which the United States delivers to the USSR not qualify as "strategic"... considering that it allows the Red Army to feed itself? But where do you stop at that rate? I am in favor of freedom of trade, with the sole exception of some very "advanced" technologies. I have noted that the English, the French and the West Germans agree on this point within COCOM, but that they are not willing to accept just any restrictions in the name of "strategic" considerations -- and they are right.

Wajzman: If I understand you right, Mr Prime Minister, you are opposed to "linkage." I mean: to the thesis of those who want to link all the sectors of East-West relations and to agree to economic advantages to Moscow only in exchange for political or military concessions...

Barre: I am not in favor of it because it doesn't lead to anything. Besides, I have not seen a single country practice "linkage" successfully. First of all the United States. If my recollection is right, it was President Reagan who cancelled the embargo on the sale of grain to the USSR instituted by President

Carter. It seems to me that the West would serve the cause of peace much better by concluding "sector by sector" agreements with the USSR, every time that it is possible to do so. Why -- for example -- should we forego an arms control agreement if it is possible, because negotiations in another area are not progressing well? Isn't such an agreement good in and of itself?

Wajzman: From your thoughts as a whole, I gather without effort that you are hostile to the implementation of economic sanctions against the USSR...

Barre: Economic sanctions never succeed, you know that. It could be implemented correctly only if a sole decision making center were to have the means to impose its law on all the other decision making centers. Would it be useful to remind people that we are still very far from such a level of international integration? Sanctions, like cartels, are the "children of misfortune": they "work" only when there is a war.

Wajzman: Very well. But would you challenge a recourse to sanctions in the same manner if they were implemented correctly? To put it plainly: are you hostile to the very "principle" of sanctions against the USSR?

Barre: I could not challenge the principle of sanctions which the international community or a group of nations would be led to impose against a country, whatever it may be, for serious reasons. What counts then is the solidarity of those who have decided to implement those sanctions. Nothing is more deplorable than verbal solidarity and hypocrisy of behavior. I have noted in any case that, so far, economic and political sanctions have seemed like a wooden sword with regard to the big powers! This is probably why we threaten smaller or weaker countries with it...

Wajzman: On the one hand, you are hostile to sanctions; on the other you say that our capacity to assist anti-communist guerrillas is relatively limited. Hence I come back to my original question: how does one influence the Soviet Union?

Barre: I would like to make a basic observation called forth by all your questions since the beginning of this interview: I don't share the thesis, dear to some milieux, of a "crusade against the Evil Empire." That sounds good in speeches, in what Lord Carrington has called the "diplomacy of the megaphone"; but acts in turn are rarely equal to the word. And the speeches fluctuate! Whatever our feelings or our philosophy may be, we will not cause the USSR to evolve through exterior pressures. We would be most likely to obtain the reverse result. And that would be true also for numerous other countries.

I am convinced that only a developing awareness by the citizens of the Soviet Union and by the peoples of Eastern Europe will succeed in making things move in those countries. As for influencing the Soviet Union, this country, like any other country and perhaps more than any other country, is sensitive to the relationship of forces. The West should assert its "spirit of defense" more than it does, that is to say give itself without complexes the means for its defense, and maintain the values of freedom and respect for the human person it

claims to have without allowing itself to be won over by the cultural and ideological infection of the East. And then it must conduct a dialogue and negotiate, being careful never to find itself in a position of weakness and not to fall into an accomodating neutralism. Finally, it must concern itself with the "voids" which may appear in the world and which the Soviet Union would not fail to rush into!

Wajzman: What exactly does it mean for France to "defend its values"?

Barre: It means first of all to remember that it is an independent nation and jealous of its independence, but also that it is a member of the camp of free nations, that it is a part of the Alliance. It is true that we have interests in Europe which are not completely the same as those of our partners which do not geographically belong to our continent: Great Britain and the United States. This explains why all French administrations have maintained a specific dialogue with the Soviet Union, that all of them intended to keep their freedom of decision within the Alliance. But there is an order of priorities to respect: faced with a vital choice, France must always make the choice of the Alliance of free peoples, and that is what it has always done.

Wajzman: What do you think about the idea put forward by Helmut Schmidt to the effect that France should expand its nuclear guarantee to the FRG?

Barre: I understand the wish expressed by Helmut Schmidt and other West Germans, but it doesn't seem possible to me. Any expert in nuclear strategy will tell you that a country does not distribute its nuclear guarantee ahead of time around and about. Even the United States refuses to do so. It is at the time when its vital interests are threatened that a country must decide the conditions under which to use its strategic nuclear force, and not before. Uncertainty about its behavior must prevail until the end: that is what constitutes the very principle of deterrent.

Wajzman: Does that mean that the French strike force should be reserved for the sole protection of the national sanctuary?

Barre: To the protection "of the national sanctuary and of the country's vital interests," and of those alone. Mr Mitterrand, like his predecessors, recently asserted it again forcefully before parliament in the Hague and at the Kremlin.

Wajzman: Could those "vital interests" include the FRG?

Barre: The notion of "vital interests" is not definable a priori. It is the president of the Republic who evaluates those interests at the time the problem occurs.

Wajzman: Hence you don't exclude a priori that the FRG might be included in that notion...

Barre: I neither include nor exclude anything a priori. But listen to me carefully: what I just said about the use of our nuclear force does not mean that in case of an attack against the FRG we would remain indifferent and passive. France has contracted obligations and it must fulfill them.

Wajzman: In your opinion, is the idea of a European defense going so far as to include a "purely European" nuclear force, imaginable?

Barre: If Western Europe one day organizes itself politically, it will be bound to equip itself with a defense system which would be purely its own, and at that time it will have to examine the problem of a European nuclear force; this can be based only on a European political authority. But given the current state of Europe and of the world, this will not happen in the near future! Today there is no defense of Europe which could be exercised other than within the framework of the Atlantic Alliance. This does not mean that the countries of Western Europe should lose interest in their defense, individually and jointly, and leave the concern with protecting them completely up to the United States.

Wajzman: You are right, Mr Prime Minister, in noting that this involves a still remote prospect. But is this prospect desirable? Do you wish it?

Barre: In a world which will be more and more characterized by nation-continent, such a development is probable. But this development can take place only in the long term. Personal wishes do not carry great weight in a matter of such importance in terms of international and national demands and constraints.

Wajzman: Some observers explain that if Washington were to repatriate its GI's present on the Old Continent, the Europeans faced with a fait accompli, would immediately equip themselves with a joint defense system. Is that also your feeling?

Barre: No. On the contrary, I believe that the effect of such a withdrawal would be to develop the neutralist tendencies which already exist in certain European countries. Which would be tragic!

But, in my opinion, your question is based on a purely academic hypothesis: I don't believe that the United States will withdraw its forces from Western Europe. If it were to commit that error, old Europe would be likely to fall, without encountering any opposition, into the Soviet sphere of influence, sweeping along Africa and the Middle East. From then on the Americans would be isolated. And they would be wrong to believe that they could find a satisfactory compensation on the side of the Pacific, because they would soon run into the USSR again there! In such a case, even Japan would no longer be the reliable partner it is today for the United States.

As you can see, the withdrawal of the GI's would set in motion an uncontrollable process at the end of which America would probably have ceased to be a superpower...

Wajzman: In short, you do not fear a recurrence of American isolationism?

Barre: There will always be American isolationism, but I am convinced that the American leaders -- whether they are Democrats or Republicans -- will not take the risk of losing interest in Europe. That is to say, in the final analysis, losing interest in the future of their own country.



Wajzman: American isolationism is not the only risk hanging over Western Europe. Pacifism -- to take only that example -- is eating away at part of German society: do you have the feeling that this involves a spontaneous movement or do you think, on the contrary, that the pacifists are being manipulated by the Kremlin?

Barre: In its origins, the pacifist movement is definitely spontaneous. It expresses to a large degree a national feeling and it is understandable that the West Germans dread a conflict that would take place on their soil. That this movement may next become prey to the forces of destabilization in the FRG in particular and in the free world in general, would seem very possible to me -- if not probable.

Faced with pacifism, the West must reaffirm both its spirit of defense and its values. The weakness of the pacifists (I am referring to those who are not agents of the USSR, obviously!), is the fact that they take up only part of the equation: they are attached to Western values, but they have given up any spirit of defense.

Wajzman: As we are talking about Germany, allow me to ask one last question on the subject. Some people say that one far off day, the FRG might be able to accept a certain form of neutralization in exchange for unification. Aren't you afraid that the Soviets may try to get the Germans to fall into that trap?

Barre: I don't think that the West Germans would allow themselves to be exploited by such a maneuver. First of all, because other countries besides the USSR have something to say in this area, to begin with the United States; next, because it is likely that reunification would take place at the expense of the Federal Republic. Reunification could take place one day only by self-determination of both the East Germans and the West Germans.

Wajzman: But what if the "Greens" and the SPD [Social Democratic Party of Germany] obtained a majority in Bonn?

Barre: Even in that case, I don't believe in it. Reunification would be possible only under a double condition: greater political unity in Western Europe and greater freedom in Eastern Europe. You will agree that we have not reached that point yet... But, on this fortieth anniversary of the end of the Second World War, I would like to recall to what extent the German problem, in the words of General de Gaulle, "is par excellence, the European problem." France must untiringly strive for a solution to this problem through the joint action and understanding of all the peoples who are primarily interested in it, that is to say the European peoples.

Wajzman: Before turning to the second part of our interview, which will be devoted to the Arab world, I would like to ask you what you think about the American "Strategic Defense Initiative": do you dread it? I mean: aren't you afraid that it might alter the deterrent value of the French and British strike forces?

Barre: Frankly no! President Reagan's "Initiative" expresses both his humanism and his desire to avoid a nuclear conflict. Hence, the inspiration of the project seems very respectable to me. But it raises numerous technical, strategic and political questions and it seems that already, after the noble dream in the beginning, the supporters of the "Initiative" have come to less ambitious concepts.

Let us stick to a few simple ideas:

- 1) It basically involves a research program; the Russians are doing such research: why not the Americans?
- 2) If Washington makes an offer to the European nations to cooperate in the research program, then the latter should respond favorably by adopting a common position and by taking into account Europe's own interests. Europe is faced with a major technological challenge; it is already the third power in space: it could be much more than a subcontractor of the United States and embark upon an ambitious, yes, but indispensable program. The only thing the Europeans need is the political will.
- 3) Until that research in progress has led to operational results, the nuclear deterrent will remain the basis for security in the world. I don't see why we should be worried about our strike force. But during the current debate on the "Initiative," the Europeans must emphasize the danger of discrediting nuclear arms in public opinion and stress that the space defense systems will not prevent, and will even give rise to the development of offensive weapons. Finally, they must always remind people that, given the complex threat weighing over Western Europe, there is no substitute for the nuclear deterrent.
- 4) At the time of their Camp David talks in December 1984, President Reagan and Mrs Thatcher recognized that the "Initiative" was not compatible with the ABM Treaty; they admitted that, as soon as the "Initiative" becomes operational, it would be advisable to enter into serious negotiations with the USSR in order to avoid a situation which would be harmful to international security.

That seems reasonable to me. In any case, we, Europeans, must make sure that the ABM Treaty is not called into question again and see to it that one day, in their arms control negotiations with the Americans, the Soviets do not obtain a ceiling of ABM's at a level higher than the current one -- which would neutralize the strategic nuclear forces of France and Great Britain.

Wajzman: Now that is clear. Let us turn to the Middle East. Are you in favor, Mr Prime Minister, of a Palestinian state dominated by the PLO [Palestine Liberation Organization]? By this I mean a "genuine" state, equipped with all the attributes of sovereignty...

Barre: I will be careful, in this complex and passionate affair, not to construct a ready made ideal solution. I can only observe that there are a few fixed points and a great deal of flux in the Middle Eastern crisis.

The "fixed points" are the following:

- 1) The Palestinians aspire to having a fatherland: we must help with the realization of this aspiration in accordance as a matter of fact with the United Nations resolutions and recommendations which stipulate the right of the Palestinians to self-determination.
- 2) Even though the PLO represents the militant and fighting force of the Palestinian movement, it is nevertheless necessary to take into account other representatives of the Palestinian people; for example, mayors of cities in the occupied territories (Gaza and the West Bank). Only a process of self-determination can lead the Palestinian people to choose its leaders freely. Until then, we will have to admit that the PLO is the representative of the Palestinian people recognized, in fact, both by them and by the Arab states, and very recently also by Jordan and Egypt.
- 3) Israel is irremediably opposed to the birth of a Palestinian state which, at its borders, would be likely to seem like a constant threat to its security; and so far the United States has supported the position of Israel.

Those "fixed points" are not all compatible among themselves; and all the rest remains "in flux"... It is my feeling that all the countries which desire a settlement in the Middle East must bring about and encourage a dialogue between Israel and the Palestinians rather than try to impose a solution which is foreign to the parties involved.

This dialogue may seem like a nearly unachievable hope! As a matter of fact, it assumes, on the one hand, that Israel puts an end to the expansion of its settlement colonies on the West Bank and, on the other hand, that the PLO and the other Arab states unequivocally recognize Israel's right to exist within secure and recognized borders. However, the recent Hussein-Arafat agreement, and the will to search for a settlement displayed by Mr Shimon Peres, constitute encouraging signs.

Wajzman: Am I to understand that you are no longer as much in favor as you used to be of an international conference on the Middle East?

Barre: On the contrary, I am very much in favor of it; but "at the end" of the process of negotiation between the Israelis and the Arabs. I do indeed think that any settlement should be made easier, then guaranteed by the big powers who are members of the United Nations Security Council, including the USSR. In this respect it is interesting to note that Soviets and Americans met recently in Vienna to discuss the problems of the Middle East.

Wajzman: I return to my question: does an authentic Palestinian state seem "desirable" to you?

Barre: And I return to my answer: nobody can say that the best solution is "necessarily and immediately" the creation of a Palestinian state. One might think of a Jordanian-Palestinian confederation under the authority of King Hussein... But once again: let us be pragmatic and let us strive to reach a

peaceful settlement as soon as possible. Don't you think that in the end the choice of 5 million Palestinians is more important than the wishes of those who don't experience their ordeals?

Wajzman: If there really are -- as some people claim -- "doves" and "hawks" within the PLO, why is it always the maximalist theses of the "hawks" which get the upper hand?

Barre: That is what always happens during periods of serious and persistent tensions: those theses favor the extreme factions which always get the upper hand over the moderates. We saw it earlier during the events in Algeria. There is nothing peculiar about that: any resistance and liberation movement experiences this kind of problem. And the longer the solution stays away, the longer the occupation lasts, the tougher the resistance will be and the more it will open the way to terrorism.

Wajzman: When you apply the terms of "resistance" and "liberation" to the PLO like that, is that just a manner of speaking?

Barre: The Palestinians -- whether they are members of the PLO or not -- are resisting a foreign occupation and they aspire to the liberation of the territories where they have lived for centuries. That seems obvious to me.

Wajzman: Does what you said also apply to the PLO in the strict sense of the word?

Barre: I don't see how you could deprive the PLO of that double label...

Wajzman: But when the PLO, publicly and officially, assumes the responsibility for the assassination of civilians, is that still "resistance"?

Barre: Those are excesses inherent to any situation characterized by an occupation and a resistance. The only thing we can do is to note them and deplore them. It is the "cause" of those events which should be made to disappear quickly.

Wajzman: What do you think of the provisions of the PLO Charter which calls for the physical elimination of Israel?

Barre: They are unacceptable. In this respect, I would like to recall that France -- whose policy in the Middle East has been criticized so much -- has always stated that the existence of Israel must be accepted by everyone. I am talking about the state of Israel within its borders from before the war of June 1967 -- except for a few possible territorial adjustments.

Wajzman: You know very well that the Israelis will always refuse to negotiate with the PLO -- at least as long as those clauses have not been repealed...

Barre: It is vital for any negotiation to establish itself on clear foundations and for the PLO to recognize the existence and security of Israel. I believe that the Declaration of Fez by the Arab League in September 1972, and the



Hussein - Arafat agreement of February 1985, which make reference to the United Nations resolutions, mark clear progress in this direction on the part of the PLO.

Wajzman: Do you believe that the Arab nations are as much in favor of a Palestinian state as they like to say?

Barre: It is not up to me to psychoanalyze the leaders of the Arab states! It is true that some of those leaders have often been implacable toward the Palestinians; but deep inside they know that they cannot allow a situation which in all likelihood could become explosive for their own states to perpetuate itself in the Middle East. Besides, even though the Arab countries may be divided politically, they are united by their culture and their religion.

Wajzman: In your opinion, who is really responsible for the Palestinian problem?

Barre: You would have to go back a long way into the past to understand if not the responsibilities, at least the causes of this problem; but at the origin of the current difficulties lie the "Six Day War" of June 1967 and the passivity of the great powers which, at the time of the Akaba affair, unfortunately provoked by Egypt, refused to act jointly to prevent the hostilities, as the French government asked them to at the time. And since then it cannot be said that those same great powers have demonstrated any particular desire to achieve a durable settlement.

Wajzman: Were you in favor of Camp David? And, if so, are you still in favor of it?

Barre: Camp David constituted a "step" which was favorable to Egypt and which made it possible for Cairo to recover the Sinai. But that agreement could not constitute a determining element of peace in the Middle East because it left a set of crucial problems in the shadows, and first of all the Palestinian problem.

Wajzman: Did Sadat's trip to Jerusalem surprise you?

Barre: President Sadat carried out a very noble act by going to Jerusalem. But his trip did not really surprise me. As a matter of fact, I met the president in November 1976 on the occasion of an official trip to Cairo; he confided to me then that if, within a year, no progress could be made toward a settlement in the Middle East, he would be forced, for domestic reasons, to take initiatives which would seem useful to him for his country.

Wajzman: To go to Jerusalem was certainly not a harmless way to appease domestic Egyptian tensions!

Barre: President Sadat needed to ease the major difficulties weighing down his people because of the political and military situation in the Middle East; he needed peace. Faced with international impotence and the divisions among

Arab nations, he chose to go to Jerusalem and to negotiate with Israel. He derived advantages from it for Egypt, that is to say peace and the recovery of the Sinai, but he accepted being put in quarantine by the other Arab states; a situation which President Mubarak has progressively tried to alter.

Wajzman: I would like for you to give me your opinion on the Lebanese tragedy. What do you think about General Sharon's thesis that only a privileged alliance between Lebanese Christians and Israelis will make it possible to ensure stability in Lebanon?

Barre: The Lebanese tragedy is painful ... that country and for all those who are its friends. Lebanon has become the victim of events in the Middle East, of the Israeli-Arab tensions, of the consequences of the Palestinian situation, to name but a few. But there is also a question which we cannot avoid asking: is there still among the Lebanese communities a desire to live together, a sincere acceptance of a "National Pact"? Having said this, I do not believe in General Sharon's thesis. The Christians of Lebanon cannot put themselves under Israeli protection and cut themselves off from the other Lebanese communities which are numerically more important. It is particularly necessary for Israel to evacuate as quickly as possible from Southern Lebanon: it is the only way to put an end to the chain of violence we have been witnessing for the last few weeks and to the brutal repression which is beating down on the Shiite community in a climate of a certain international indifference. In the final analysis, the only solution which would guarantee the future of Lebanon lies in the desire for national independence of the various Lebanese communities and in a specific agreement between Lebanon and Syria.

Wajzman: Hence, you don't recognize the right of 'suzerainty' which the Syrians have taken upon themselves in Lebanon?

Barre: I do not recognize that right at all; but I note that so far Syria has not wanted to turn Lebanon into one of its provinces, which it could have tried to do. Furthermore, I believe that it will not accept under any circumstances for Lebanon to be in the sphere of influence of Israel. The United States, which did not understand this, has suffered the consequences. I regret that France has not maintained closer ties with Damascus in recent years, which would undoubtedly have helped to avoid some things...

Wajzman: You have, I believe, some esteem for President Assad...

Barre: I have met President Assad. He seemed to me to be a head of state with well defined goals and a tenacious will.

Wajzman: Would you go so far as to say that Syria is a "natural" ally of France in the Middle East?

Barre: I don't like the stereotyped expression "natural allies": alliances are first of all tied to interests of various kinds and are not always the product of the nature of things. There are between France and the Arab countries, specifically Syria, secular ties of friendship and of economic and cultural cooperation; and these must be maintained. France has always used its

influence with the various Arab states to get them to show greater moderation in their relations with Israel and thus to contribute to the security of that country. That has been ignored a little too much, involuntarily or voluntarily.

Wajzman: Does our Arab policy since the election of Francois Mitterrand satisfy you?

Barre: Overall, there is continuity in the policy of the president of the Republic toward the Arab countries and the problems of the Middle East, specifically the Palestinian problem. But I regret that since 1981, the French government has refused to lend its support to the diplomatic action of the European Community, which had been patiently developed during the preceding 7 year term. I also regret that it plunged into the Lebanese affair by giving the impression that it was tagging behind the United States. The government should have taken its own action and thus safeguarded its influence to be able to help Lebanon more effectively. I would add that the silence of the great powers, and specifically France, at the time when the Israeli army entered Lebanon, has personally shocked me.

Wajzman: You follow the "Gulf war" with a great deal of attention. Hence my question: which is, in your opinion, the more important country, geopolitically speaking, Iraq or Iran?

Barre: Iraq has its importance and I have a great deal of esteem for President Saddam Hussein. But if one judges the parties involved from a purely geopolitical point of view, then it would seem to me that Iran is the more important.

Wajzman: Do you feel that the main danger hanging over the Gulf is the "pincer" operation the Soviets are engaged in (Afghanistan, South Yemen, Ethiopia, Lebanon...) or rather the fundamentalist Shiite surge?

Barre: Without any doubt Shiite fundamentalism because, as it touches the very roots of societies and nations, it is likely to be very destabilizing.

Wajzman: Does that mean that in your opinion the USSR is not pursuing any specific plan in this highly sensitive area?

Barre: The USSR tries to exert its influence on the region, as does the United States, and each of the superpowers can count on friendly countries. But over the last few years the USSR has developed a very cautious, if not passive behavior. Besides, the Soviet Union knows that any sizable action on its part would lead to a United States response. The Soviet Union, don't forget, has no inclination at all toward adventurism. Moreover, the difficulties which the Red Army is encountering in Afghanistan are more than enough to keep the Kremlin happy!

Wajzman: Who is responsible, objectively speaking, for the Gulf war?

Barre: Iraq is the one which attacked Iran and I don't think that that was a wise decision.

Wajzman: Do you nevertheless believe that the West is right in supporting the Baghdad regime?

Barre: Absolutely. A victory would give the Khomeini regime a prestige that would allow it to export its "cultural revolution" and to destabilize the countries of the Gulf. Having said this, our objective must be to encourage the cessation of hostilities between those two countries, which are getting bogged down in a conflict which is costly in terms of human lives and of resources of all kinds.

Wajzman: Apart from the detestable nature of Khomeinism, don't you think that it would be in the interest of the West to maintain ties with Iran, to retain "levers" there?

Barre: I share that opinion. One should never abandon a country to its demons, isolate it or reject it from the field of diplomatic and economic relations. Especially when that country "counts" within the region of the world where it is located!

Wajzman: Am I to understand then that you approve of the aid that the Israelis -- apparently -- are giving the Iranians?

Barre: You would be mistaken in interpreting what I said that way. I said that channels of communication must be maintained with Khomeini's Iran; I didn't say that the country must be helped militarily in its conflict with Iraq. And the Israelis -- if what is being said is true -- are apparently going so far as to provide arms to the Iranians. They are wrong. I know very well that by doing so the government of Jerusalem is primarily trying to weaken Iraq, which it considers one of its principal enemies. But that is a dangerous attitude which is likely one day to cause disappointments to Israel.

Wajzman: What would your response be to those who propose that the West destabilize the Khomeini regime?

Barre: I would respond that that kind of game always turns against its author. Look at what happened to Iraq: Baghdad believed that it could make short work of the Iranian army. Result: national feeling in Iran manifested itself very strongly from the beginning of the hostilities; the war is still going on and Saddam Hussein is far from having won the game.

Wajzman: Should the Westerners consider the blockade of the Strait of Hormuz as a casus belli?

Barre: I think so; and that would be true "no matter who" originates the blockade. In such a case, the Westerners should intervene with all appropriate measures. When the security of the free world's oil supplies is threatened, you don't remain indifferent and passive

Wajzman: Mr Prime Minister, some experts claim that the sale of Western arms to the Gulf countries harbors dangerously destabilizing virtues and that it would be better for the West to ensure the security of its oil supplies itself. Do you agree with that analysis?



Barre: No. I think that the Gulf countries want to have their own defense, that they know how to use the sophisticated arms we sell them, and that they have the wherewithal to pay for them. We don't have to substitute ourselves for them.

Wajzman: The fact remains that today a country like Saudi Arabia has become the sixth largest arms buyer in the world and the largest per capita: isn't that a little excessive?

Barre: At the risk of repeating myself, I assert that a country that wants to defend itself must be able to do so. There were also experts who said: "Why the devil does France want to equip itself with an autonomous strike force? Washington is quite capable of protecting it! Besides it would be less expensive..." Is that a sound reasoning? You will allow me to doubt it...

Wajzman: A very last question of a global nature. Henry Kissinger claims that the threat represented by Soviet expansionism hangs over China more than over Europe: is that your feeling?

Barre: I don't believe that the USSR would want to run the major risk of attacking China. But the fact remains that Kissinger is right if he means that the Kremlin "worries" more about its Chinese neighbor than about the European democracies which, as everyone knows, are peaceful and have no aggressive intentions at all toward it.

Wajzman: Do you think that, in order to reinforce its position in the face of the USSR, Europe should play the Chinese "card" more boldly and even go so far as to explore real military cooperation with Peking?

Barre: You should never play with fire. Let the West Europeans concern themselves with their defense! Let them concern themselves with providing strength and unity to Western Europe! Do you really think that at a time when one is wondering whether this or that European country will respect its commitments with regard to the deployment of the Euromissiles, the priority among priorities of old Europe would be to enter into a military cooperation with Peking? There will always be armchair strategists building great political-military designs.

I attach greater importance to a foreign policy able to combine a lucid assessment of realities and interests with respect for an international morality based on the freedom of peoples and nations, on human rights and on peace.

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CSO: 3519/241

POLITICAL

FRANCE

DEBRAY DISCUSSES CUBA, NICARAGUA, EUROPEAN UNION

Paris POLITIQUE INTERNATIONALE in French Summer 85 pp 89-103

[Interview with writer Regis Debray, the author of, among other publications: "Lettre Ouverte aux Communistes Francais et a Quelques Autres" [Open Letter to French and Some Other Communists], Le Seuil, 1978; "Critique de la Raison Politique" [Critique of Political Reason], Gallimard, 1981; "La Puissance et les Reves" [Power and Dreams], Gallimard, 1984; "Les Empires Contre L'Europe" [The Empires Versus Europe], Gallimard, 1985; by Jackie Simon, assistant professor of political science at New York University, researcher at the Institute for French Studies at the same university and author of "DDT: Drift, Destiny and Truth" (to appear), among other publications; date and place not given; passages in slantlines printed in italics]

[Text] Jackie Simon (JS): In your latest two books\* you set forth your personal view of realpolitik. Can you in terms of that analysis define the current situation in Cuba?

Regis Debray (RD): To my way of thinking, nations are central factors; they are the actors of history. Therefore, the Cuban drama is that of a nation driven by its nationalism to espouse a political bloc, to accept one form of domination because it rejects another one. In other words, those who see in Cuba a simple puppet are mistaken; and those who perceive Cuba as a fully sovereign state are also wrong. It is a matter of knowing whether and how a small nation can use a great nation as a tool, a nation which is in turn using it as a tool. The relations linking Cuba with the Soviet Union work in two directions; now in the West they remember only the Soviet Union-Cuba relation. Yet Cuba has made use of the USSR to seek sanctuary and quite simply to survive, both as a revolution and as a nation. The main thing is to know who is making use of whom. Any policy raises this question. As for me, all I am asking for — and this is a matter of realpolitik imperatives — is for us to realize that nations are not toys in the hands of the great powers, that each of them has its own strategy. Obviously, most often we see only the big nations and we forget the small ones. Our view of the world is, after all, very mechanistic:

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\* "La Puissance et les Reves," Gallimard, 1984, and "Les Empires Contre L'Europe," Gallimard, 1985.

three or four — even only two — decision-makers and a pit of puppets. Sometimes, however, it is the puppets who pull the strings.

JS: Let's talk a bit more about these puppets. When you went to Cuba, you probably spoke with Castro about his economic problems, his ideological hopes for Latin America. What conclusions do you draw from those talks? In your opinion, would Castro like to himself activate certain "puppets" in the region?

RD: During the current phase Fidel Castro — who is a realist, not an ideologist — is playing a game of moderation. He realizes that the balance of power in the region is completely to his disadvantage. That's why the Cuban Government's objective is to endure, to survive Reagan, not to assume any foreign commitments that he cannot maintain during a period of crisis and, possibly, to abandon undertakings like Ethiopia, Angola or even Nicaragua. It is therefore a wisely understood policy of national self-interest.

JS: Which Western actions do the Cubans complain about the most?

RD: The American blockade, the absence of economic and diplomatic outlets to the West, their having been assigned to a ghetto and the fact that the United States has admitted the /reality/ but not the /legitimacy/ of their existence. This is the fruit of the 1962 crisis, which /de facto/ turned Cuba into a sanctuary and marked the irreversibility of its existence. From now on, whoever touches the island attacks the Soviet Union. Wasn't this the Cubans' goal?

JS: You just said that Castro is not an ideologist: O.K. But, if that is really the case, isn't it embarrassing for him so see his country constantly identified with the East bloc?

RD: I believe that, as far as its Latin American policy is concerned, Cuba possesses a certain autonomy of judgment, conception and action; even if in the final analysis the Soviet Union can pocket a few gains. The Soviets don't understand a thing about Latin America; they are not really interested in it. In Africa too, Fidel Castro has conducted his own policy in Angola and Ethiopia. Contrary to what people say here at home, it was he who got Brezhnev to adopt that policy, not the other way around. For example, the Cubans' first contacts with Neto in Angola go back to 1965. The Soviets later benefited from that introduction which was at the start autonomous and spontaneous.

JS: We cannot after all deny the fact that Cuba is wholly assisted economically by Moscow.

RD: About as much as El Salvador is today by the United States. Washington currently spends \$1 million a day for El Salvador. Obviously, this means that socialism doesn't work as an economic system. This is nothing new. We must hope that the Cubans are aware of this and have drawn their own conclusions from the fact.

JS: Some Americans very sincerely wish to engage in real negotiations with Cuba. Did Fidel Castro speak to you of such contacts?

RD: In fact, I heard Fidel allude to official contacts with Haig through the intermediary of Carlos Rafael Rodriguez\* and to conversations with Vernon Walters. When he did this, it was to minimize their importance and to express a certain amount of disappointment. For him, these initiatives represented diversions. They did not represent any real intention of engaging in a dialogue on the basic issues. I'm going to tell you something: As a European, I feel very much a foreigner in Cuba. On the other hand, there is a familiarity between Americans and Cubans, an affinity that we do not find between Soviets and Cubans — or even between East Europeans and Cubans. I think that Fidel Castro is deeply enamored of the United States of America. What is involved is a love-hate relationship, which is a real relationship of love.

JS: Let's go into your argument in greater detail. According to you, what guarantees is Fidel Castro prepared to offer the United States in exchange for diplomatic recognition and the restoration of American-Cuban trade relations?

RD: You'd have to ask him. It's not up to me, I who am French and married to France in a marriage of love and interest both legitimate and passionate, to plead the cause of a foreign country. Of course, I've known Cuba very well for 20 years. Under the circumstances, I can supply you with a few intuitions as to the responses that might be offered you on this subject. There is a revolutionary optimism — which is perhaps a kind of messianic fervor or mysticism — that consists of saying that history is working in favor of the revolution. Since Castro is in the end convinced that Latin America will become communist, whether it be in 400 years or in 3,000, I believe he would be prepared to say: "Until then, let's try to mutually respect one another and let the best man win!" He would no doubt also affirm his attachment to the class struggle. But one of two things is certain: Either the class struggle exists and it is not an American-Cuban agreement that will prevent it from playing a role in Latin America or it does not exist, and what Castro says about it cannot bother you or even be of importance to you. I therefore do not understand what the American administration has to lose in the establishment of a more balanced and reasonable relationship with Cuba. On the contrary, I see what it can gain in it. Given the division of the world into spheres of influence, you can't destroy Cuba as you might annihilate Nicaragua. The path of confrontation consolidates the anti-American ideology and revolutionary feeling on the island. On the other hand, the path of coexistence, of exchanges and even of inter-penetration seems to me to be much more destabilizing for Cuba.

JS: You alluded to the seduction of the "American way of life."

RD: What I meant was that I can well understand how Cuba can resist an American military landing and all the U.S. Special Forces commandos invading its beaches. But I don't see how Cuba can resist 100,000 American tourists.

JS: War by other means. That is a diplomatic method of which I fully approve. It is true that since 1959 over a million Cubans have left their country.

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\* Vice president of the Cuban Council of State and Council of Ministers.



Nevertheless, infant mortality there is declining, illiteracy has been considerably reduced and, even if it is poor, the population has more or less enough to eat. So why these departures?

RD: You know, it's very hard to live 100 km away from the richest country in the world, from the most tempting of showcases, when you've got a daily ration card, when you grow up in a society of shortages and, because of it, coercion — even if this society is better accepted by most Cubans than we think it is. This phenomenon of departures is not connected with the communist ideology. It simply has to do with the contrast between wealth and poverty. Moreover, it affects Haiti or Mexico as well as Cuba. The percentage of Mexicans who illegally or not enter the United States is higher than the percentage of Cubans. But in the one case they say these people are fleeing communism, whereas in the other they do not say that they are fleeing capitalism. Actually, these Cubans who leave want to escape poverty and the political culture it produces: a dearth of popular sovereignty, means of expression, newspapers, ....

JS: Maybe they're also fleeing the fear of going to prison.

RD: The human rights situation in Cuba is not at all what people say it is today. I don't think that Cubans are trying to escape the fear of going to prison. But the boredom of going round and round on a little island situated a few cablelengths from Disneyland is obviously something that counts. This means that, instead of always raising the question of the Cubans who leave the country, it would be better to raise the question of those Cubans who stay. I think that they stay because of nationalism; in Cuba patriotism is a fundamental concept.

JS: France, it appears, maintains fairly amicable relations with Cuba. When Messrs Lang and Cheysson paid a visit to Fidel Castro, they insisted on the development of Franco-Cuban exchanges. Was there something in particular at stake in these conversations?

RD: No, it was above all a matter of restoring, or instituting, a certain climate with Cuba. We maintain technical and scientific cooperation with the island; we've jointly worked out a vaccination and tropical medicine program. But our contacts are not directly involved.

JS: There has, however, been talk of big commercial projects involving large French companies.

RD: I believe those big projects are over. At present the Cuban economic situation, the problem of the debt and austerity do not permit the signing of big contracts.

JS: In Washington the experts are very disturbed over Havana-Moscow, Havana-Managua and Managua-Moscow relations. The American administration has accused the USSR of very actively intervening in Nicaragua. Do you think that the United States is wrong in considering the Sandinists to be hostile neighbors, in any event more pro-Soviet than really nonaligned?

RD: Personally, I think that American policy with regard to Nicaragua is mistaken because it's the worst policy; it's a policy that almost consciously seeks to achieve the result it says it wants to avoid. When you create a vacuum around a country and that country doesn't want to die, it accepts the hand that is extended to it from very far away by Moscow. In the end, it's a question of knowing whether a country that overthrows a dictatorship and goes on to revolutionary reforms automatically represents a threat to American security. In my opinion, Nicaragua does not pose a threat to the United States.

JS: At the start, this revolution was after all achieved with American aid. President Carter encouraged it a great deal.

RD: If I remember rightly, the United States supported the Somoza dictatorship for 30 years. It was only in extremis, a month before the defeat of that regime, and after the fact that they had been in a minority in the OAS in June 1979, that the Americans were forced to accept the fait accompli.

JS: How do you think the Sandinist revolution will evolve?

RD: From my point of view it presents two negative aspects which are not, however, decisive. The first of them is the avant-garde Leninist metaphysics that drives the Sandinist Front to present itself as the ultimate repository of popular sovereignty. Therefore, no need for elections, no need for democracy since the front feels that it represents the essence of the people and, by definition, the essence of the people cannot be opposed to the people as a whole.

The second negative point is the fact that, through their provincialism and lack of familiarity with contemporary history and today's international realities, the Sandinists have underestimated the division of the world into spheres of influence.

I think, however, that these two tendencies have been overcome by the Nicaraguans since at least 2 or 3 years now. The leaders realized that Leninism was not viable in their country, in a society as culturally and ethnically diverse as theirs — I'm thinking of the Mosquito Indians in particular — in a society in which the Catholic Church is of nonnegligible importance. This is why elections were organized. These elections were the most democratic Nicaragua has ever known and perhaps even more democratic than those held in Mexico every 6 years. As for the discovery of international realities, the Sandinists have discovered them. They are now ready to come to terms, to make historic compromises on the basis of the theme: "Leave us in peace here at home and we won't export the revolution. First of all, because the revolution is not exportable and secondly because we want first to survive as a national /revolution/." This is the Sandinist line today. It's a language the French of the Mexicans approve of but which, nevertheless, tragically remains unheard simply because the United States doesn't want to hear it.

JS: I ask only to believe you but certain facts nevertheless invalidate your analysis. For example, Nicaragua has declared itself to be against cruise missiles and Pershings in Europe. Isn't that the sign of an extreme allegiance to Moscow?

RD: On this point the Nicaraguans made a mistake. In acting in this way, they concern themselves with affairs they are not familiar with. They do so out of rashness and inexperience.

JS: Can one also speak of rashness and inexperience when they criticize the Camp David accords or Solidarnosc's [Solidarity] action in Poland, when they refuse to agree to sanctions at the United Nations against the Red Army's presence in Afghanistan or when they support Heng Samrin's regime in Kampuchea?

RD: Once again, the Nicaraguans reacted in that way to the Camp David accords only because they see the world through their little national experience. What they remember is that the Israelis backed and armed Somoza, whereas the progressive Arab countries helped the Sandinists. We mustn't forget that these people have no experience with the world outside.

JS: Shouldn't we also try to understand the American administration? In the end, all of Nicaragua's international positions are aligned with those of the Kremlin; isn't it normal under the circumstances for America to demand proofs of its neighbor's nonhostility and for it to in any case take certain precautions?

RD: I understand your point of view very well. You see, in the past it was explained to us French that, if France left Algeria, the Russians would establish themselves at Mers El Kebir and our country would then be within range of their weapons. We left and the Algerians have always voted with the Soviets at the United Nations, yet Algeria is Algerian. Let's not be so arrogant as to pretend to set norms for neighboring countries.

JS: Despite its friendship for the Soviet Union, the People's Republic of Congo did not hesitate to condemn the invasion of Afghanistan at the United Nations.

RD: Simply because the Congo is not threatened. A threatened country must above all survive and, if it has to ally itself with the Devil, it will do so. You can't simultaneously go to war with a country and ask it to react as a friend. Now the Nicaraguans "have lived" on a war footing with the United States for understandable historical reasons. Certainly the Nicaraguans must understand the reactions they give rise to in the Americans, but the opposite seems to me to be even more necessary. In fact, the stronger of the two ought to put himself in the place of the weaker. Between the United States and Nicaragua there is really an "imperial" relationship in which the "other one" is immediately described as an enemy, whereas he is nothing but a poor slob who is trying to follow his own path. And this path doesn't even lead him to Moscow, even though everything is being done from the outside to throw him into the arms of the Russians. And finally, what strikes me is seeing how the Nicaraguans have been able to resist complete alignment.

JS: America has contented itself with demanding of Nicaragua that it give up equipping itself with offensive weapons and give up the exportation of communism. In short, real nonalignment.

RD: The Sandinists agree to all these points. But all they had to do was to announce their intention of signing the projected Contadora Treaty at the time of the conference in San Jose, Costa Rica, for the United States to overnight criticize the projected treaty. Now the wording of the treaty was in itself remarkable. I've rarely seen a diplomatic document that was as precise and constraining, going even so far as to provide for inspections of the countries involved by foreign commissions. Of course, there are always some imperfections in a treaty and the United States took advantage of them to prevent the conclusion of this agreement which would have put an end to the tension in the region.

JS: Everything is not yet compromised.

RD: I'm afraid so. It seems to me that Contadora is at death's door.

JS: One more question on Franco-Central American relations. At the start of his 7-year term, before the tribune of the United Nations President Mitterrand expressed his desire to symbolically aid the Sandinists. France supplied Nicaragua with limited arms. Why didn't it go any further?

RD: Because they didn't ask us for any! On the one hand, the Nicaraguans didn't want to conclude new military contracts and, on the other, we were convinced that it was not by accelerating the arms race in the region that France would contribute to the maintenance of peace.

JS: You played the role of a mediator in the Mosquito Indians affair.

RD: No, not at all. I met Brooklyn Rivera\* in San Jose, Costa Rica. I found a very sincere, touching, authentic man who had realized that some people hoped to get him to take on a war that was not his. They wanted his people to die for an ideological, an international cause: that of counterrevolution. I explained to our Nicaraguan friends that the demands of the Mosquitos were just, inasmuch as they were not separatists but were simply aimed at recognition of a traditional, cultural and political identity inside Nicaragua itself. After all, the Sandinists have conducted a real self-criticism of the errors committed through Jacobinism, schematism, a centralizing tendency and a revolutionary messianic spirit. They've learned plurality and respect for historical identity.

JS: Let's conclude with the topic of Latin America. What is the probable future of revolutionary movements in this part of the world?

RD: They will no doubt orient themselves toward realism, modesty -- and I hope -- effectiveness. I believe that the era of revolution viewed as a worldwide mystique, as a supernatural bloc which one joins in a sort of Christian conversion is indeed over. Today, everyone knows that the assumption of political power does not automatically permit us to change man and that economic problems, finding oil and paying one's debt must also be resolved. Likewise, one does not

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\* The chief of the Mosquito Indians, Brooklyn Rivera led the negotiations with the Managua government in April 1985 in order to put an end to the armed actions that were pitting the members of the community against government forces. For the moment, these conversations have not produced any concrete result.



change one's position on the map because one changes presidents. Nicaragua may well be Sandinist, but it is nevertheless located in Central America and, therefore, close to the United States.

JS: Let's get to your latest book, "Les Empires Contre L'Europe," which represents a very strong anti-American sentiment. In it you denounce American domination without, however, contemplating the end of NATO. What, as you see it, should we do to reestablish a more satisfactory equilibrium within NATO?

RD: First, European unity must be achieved. This is of central importance. If Europe does not succeed in existing as an industrial, technological and military area, American domination will be irreversible and with it the Sovietization of Europe.

JS: Yet you also write in your book that the Soviet Union is in the process of declining more rapidly than the West.

RD: When you set yourself up as someone's guardian, you make of him a little child, a protege and soon a person in your care, that is, someone who has resigned, who no longer assumes his responsibilities. In this sense, American guardianship is a way of "making children" of Europeans. And the countries in which this has been most accentuated in past years are those in which we now find the strongest neutral or pacifist movements. It is because France has maintained its political and military independence thanks to General de Gaulle that it has not been affected by this phenomenon. It is always unhealthy not to assume responsibility for oneself; and Europe under a protectorate is an unhealthy Europe that does not have confidence in itself.

JS: You also allude to the "Atlantic dogma of guardian of Europe's sleep." But why are you sleeping? You could perfectly well wake up, you other Europeans.

RD: We are doing so. The reactivation of the WEU, the Spinelli Plan, the expansion of the European Community, the reinforcement of Franco-German cooperation in the domains of industry and strategy, the modernization of the French deterrent force bear witness to the fact that Europe is not giving up. Nevertheless, we must not deny the fact that there is also among us a certain tendency to rely on the "great protector." This discussion has assumed a great deal of current importance with President Reagan's Strategic Defense Initiative (SDI).

JS: What do you think of the "Star Wars" project?

RD: it's a big diplomatic maneuver launched by the United States to increase the technological gap between its Soviet adversary, on the one hand, its European allies, on the other, and America itself. Fundamentally, this initiative has a very noble purpose, which is to put an end to the blackmail of nuclear reprisals. But we Europeans know that this technique will not produce happiness and that people cannot get rid of their political and moral responsibilities by dumping them on an invention, an object, a thing. We also know that, for 100 years now, pious hopes for a transformation of humanity and its accession

to lasting peace have been grafted onto each new generation of technology. This is why, while there is a noble illusion behind the SDI, this illusion is also perverse inasmuch as its implementation will turn its back on its avowed goal. Instead of reducing the number of offensive weapons, we're going to raise them to a higher quantitative and qualitative threshold; because the SDI will no doubt function as protection in the final phase, but not in the initial phase, which is aimed at the defense of populations. We would therefore have to reinforce the missile sites and block off the window of vulnerability. From the American point of view, the SDI is a clever way of "passing the pill" of disarmament to those who are opposed to it. Strategically, it doesn't make much sense; but technologically, it will probably permit all sorts of breakthroughs in fields involving countless civilian uses.

JS: What reflections does the suggestion made by Henry Kissinger that the allied forces be provided with a supreme European commander and that an American head the NATO Secretary General's Office inspire in you?

RD: It's ridiculous. It's even disgraceful for us Europeans. It would be tantamount to seeing a European commander in chief subjected directly to the orders of the President of the United States — on whom depend, as you know, NATO's conventional plans, the "targeting policy" for theater nuclear weapons and the firing order for intermediary missiles. In other words, we would for the first time see open subordination of Europe to America in time of peace and without a prior defeat of European armies. And that is total abdication.

JS: I don't very well see that that would change anything in relation to the present situation in which the supreme commander, if he is an American, is no less dependent on the President of the United States.

RD: At least this situation represents the truth, namely that NATO is a complex machine, but one that is placed under American command in a case of last resort. In this case the organization charts correspond to America's effective domination and to the real balance of power.

JS: You wrote that one cannot want one thing and its opposite, that one cannot simultaneously hope to strengthen NATO and get out of the Yalta agreements. But where is the contradiction between these two objectives?

RD: I distinguish two things: the Atlantic /Alliance/ as such and the Atlantic /system/ that has come to be grafted onto it. Now the alliance unites sovereign nations, whereas the Atlantic system is of the confederated type with an American presidency. I am opposed to the system, but am a partisan of the alliance.

JS: How do you view the evolution of the geopolitical plan defined at Yalta?

RD: I was struck by an article by Zbigniew Brzezinski devoted to Yalta.\* I must admit that I reach the same conclusions as he through other channels.

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\* "The Future of Yalta," FOREIGN AFFAIRS, Winter 1984-1985.

Europe alone can save itself. If the alternative for Eastern Europe is still: "America or Russia," the Soviet Union still has its heyday ahead of it. On the other hand, if the alternative becomes: "Europe or Russia," getting out of the Yalta agreements becomes possible. We mustn't be afraid of strengthening European unity because this unity is the factor most apt to dismantle the East bloc. Such a result might in fact be obtained through the advent of a third big power, a third force capable of polarizing those countries situated behind the iron curtain toward their natural center of historical and geographic gravity.

JS: Can you provide a few supplementary details on this dynamic process?

RD: I'm thinking first of the evolution of societies rather than that of the Eastern European states. At present we are witnessing a return of historical memory in the social fabric itself in this part of the world: a renewal of religious traditions, a reconstitution of associative life, of culture. These are deep-seated movements that tend to skirt the state, that do not raise the question of political power, but recreate a social legitimacy /from the interior/ and /through the lower end/. In Poland this phenomenon is apparent through the church. In the GDR there is even a sort of affirmation of "being" German that frustrates any hold the state has on people. We can say the same of Hungary or Romania. This resurgence of history is going to create a bigger and bigger gap between the lives of these societies and the state structures, which are going to become artificial, tolerated, but alien.

JS: But there's not only that. We are also, on the other hand, witnessing very strong pressure from the USSR on phenomena of the Jaruzelski type.

RD: Obviously. No empire commits suicide willingly and quickly. The times involved will without a doubt still be very long inasmuch as communism is an extraordinary technique for eluding history, an eternal technique that tends to freeze positions that have been gained. Nevertheless, the dismantling of the empire has already begun.

JS: Should this dismantlement take place in the Third World as well? Do you favor a policy of stemming the tide outside of Europe?

RD: Absolutely not. I favor free competition in accordance with the best principles of liberalism. It's up to each system to compete with the other and prove itself on the spot. I'm completely against the idea of building anti-Sovietism in the Third World on an a priori basis. Such an orientation of attitude may be a result; it must never be an obsession. If the Soviet Union wants to aid some African country or some Latin American island, much good may it do it. It's up to us to demonstrate that our aid is more effective, better in quality and more respectful of each one's identity. And let the best man win.

JS: But what shall we do against Soviet expansionism?

RD: I take exception to that term. There is an American expansionism, a Russian expansionism: any strong political unit tends to develop itself.

Behind imperialism there is not necessarily an "imperial" intention to conquer, to dominate. In other words, the desire to harm is one thing and the expansion of a political system is another. This said, I actually believe that there was once complementarity between the Soviet offer and the Third World request for assistance: An offer of military means and a request for protection — they went together very well. When, already emancipated from Western imperialist regimes, the Third World finds itself facing financial, technical, agricultural and industrial problems, the USSR, on the other hand, no longer contributes anything decisive. And this is what we are witnessing today.

JS: How can you place Americans and Soviets on a par with one another? There is no symmetry — unless it be structural symmetry — between the "empires." Morality, human rights, individual liberty, specific characteristics, mustn't they intervene in realpolitik?

RD: I don't think of history in moral terms, in terms of subjective intentions. The opposition of good and evil has no meaning for me; it's an ideological view of things that I cannot as a rationalist share. This said, there is a modern empire and an archaic empire, an industrialized democratic empire and an under-developed autocratic empire. On the one hand, there is the past and, on the other, the future. I don't place the two empires on a par with one another. I'm saying that the imperial effect is much more tolerable in Western Europe than in Eastern Europe. But in external relations there are — I repeat — neither moral intentions nor psychological considerations. We may admire American society, practice American culture and [yet] oppose the policy of the United States as a nation. As for me, I am the most pro-American of the anti-Americans. I adore American society, but I don't want to accept the American Government as the repository of my country's sovereignty.

JS: Is your anti-Americanism selective? Doesn't it apply to certain American administrations?

RD: I reject the word "anti-Americanism." I am pro-European and, as such, sometimes anti-American and sometimes anti-Soviet, as is called for and "a la carte." Moreover, I define my stance positively, not negatively. The differences of regimes or political parties in the United States do not seem to me to be relevant as concerns international relations. The proof of this is the fact that we French get along better with a Republican than with a Democrat in this area. A Republican respects the French nation, while a Democrat tends to feel that the free world is a vast whole and that the "little Europeans" have to keep quiet under the care of the Statue of Liberty. Every power pushes its means to an extreme and the American power is naturally inclined to annex, subordinate and confiscate. Once again, it's not the Americans I'm against; it's a force capable of annexing other forces which I am a part of. I reject this approach and that's why I fight for France to stay the way it is.

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CSO: 3519/264



POLITICAL

GREECE

CONCERN EXPRESSED ABOUT RELATIONS WITH ALBANIA

NC281100 Athens ELEVTHEROTIPIA in Greek 27 Aug 85 p 4

[Report by F. Oikonomidhis]

[Text] The Albanian issue and, specifically, the full restoration of Greek-Albanian relations form the basis of discussions between Greek Foreign Minister Karolos Papoulias and government representatives of the two great powers and the Balkan countries.

According to confirmed reports from Greek diplomatic sources, many Eastern and Western countries have reacted with concern to the prospect of the full restoration of relations between Greece and Albania. Yugoslavia, for example, opposes Greece's approach to Albania and this question will be discussed by Karolos Papoulias and the Yugoslav representative (loncar) [not further identified] when the latter visits Athens in a few days' time.

According to the same diplomatic sources, the Soviet Union has manifested its "disagreement about Albania's move toward Greece," because "the Soviet Union probably expects now, after Enver Hoxha's death, to fill the power vacuum in Albania," and relations with Greece "would strengthen Albania's nonaligned policy." The United States has also recently made known its serious concern about Greek-Albanian relations and, it is rumored, would like the development of these relations "to pass through Washington first for approval and coordination."

Reliable diplomatic sources have confirmed that during the UN general assembly, to be held toward the end of September, the Albanian issue will be among a number of matters that Karolos Papoulias will raise in private discussions with representatives of the United States and other foreign powers.

It is worth noting that the North Epirus associations have been more active since PASOK's election success, in light of the party's declared aim of improving relations with Albania.

CSO: 3521/336

POLITICAL

ICELAND

POLL SHOWS BIGGEST SETBACK FOR SOCIAL DEMOCRATS

Reykjavik HELGARPOSTURINN in Icelandic 18 Jul 85 p 2-3

[Article by H. H.: "Has the Social Democratic Party Balloon Burst?"]

[Text] MORGUNGLADID published yesterday the results of a new Hagvang Poll on political party following and they are very similar to the results of a HELGARPOSTURINN Poll. The Hagvang Poll was carried out over a long period of time, from 28 June to 10 July, while the HELGARPOSTURINN Poll took place on the weekend of 6-7 July.

Looking at the results of the Hagvang and HELGARPOSTURINN polls, the Independence Party, the Social Democratic Party and the category other party (the Men's Party) only received more support in the HELGARPOSTURINN Poll and not in the Hagvang Poll and those four parties with representatives in the Althing received slightly more support in the HELGARPOSTURINN poll compared to the Hagvang Poll.

See Table 1 for a comparison of the most recent HELGARPOSTURINN Poll with the Havang Poll and earlier 1985 polls of HELGARPOSTURINN and DV [Dagbladid-Visir].

HELGARPOSTURINN has carried out a poll on the followings of the political parties and support for the government. The greatest change from the last poll two and one-half months ago is that the substantial growth in support for the Social Democratic Party has abated considerably, something clear from all the public opinion polls.

According to the results of the HELGARPOSTURINN Poll, the Social Democratic Party receives the support of 15.5 percent of the voters, compared to 22.3 percent on the 24th of April. The DV Poll was carried out between the HELGARPOSTURINN and Hagvang Polls and in it the Social Democratic Party enjoyed the support of 19 percent of voters that took a position.

Nothing has been said about whether or not there has been a decline in the magnetism of Social Democrats such as Jon Baldvin Hannibalsson. However, it has not been long since the mid-Summer Althing recessed and people prefer to keep their political views to themselves. Discomfort seems to have descended upon the "Social Democratic hurricane," as HELGARPOSTURINN has termed the party's increase in support.

Noteworthy is the fact that the Independence Party now towers in the polls over all other parties with 41.6 percent support. The party was in fact over the 40 percent mark in the last HELGARPOSTURINN and DV Polls. The Independence Party seems to hold its position as a powerful urban party that yields to none. Much the same thing can be said about other parties. The Social Democratic Party is still the second largest, as the polls have shown, but the gap between the Social Democratic Party and the People's Alliance, Progressive Party, Social Democratic Alliance and Women's List seems to be closing rapidly. Thus the Social Democratic Alliance and the Women's List are not far from the 10 percent support mark and seem to have consolidated at the expense of the moderate "old parties" and those relatively to the left. The new parties, the Women's List and the Social Democratic Alliance, are the two parties that perhaps provide the most surprises in the poll. The Women's List receives 9.7 percent support in the entire country and plans are being made to run party candidates in all electoral districts, something that was not done in the last elections. The party has found support in Reykjavik and in the Reykjanes region.

The Social Democratic Alliance receives 8.6 percent support in the entire country, the most in the Reykjanes. But it is noteworthy that the support for the party is more or less the same in Reykjavik, 7.6 percent, as it is in rural areas, 7.7 percent, but 11.9 percent in the Reykjanes region. On the other hand, the Social Democratic Alliance has sought most of its support in densely populated areas, but the situation seems to have changed dramatically.

Both the People's Alliance and the Progressive Party seems to need to review their positions. The People's Alliance receives 12.6 percent in all of Iceland and the Progressive Party 11.7 percent. This is a collapse compared to the 1983 elections. Compared to the last HELGARPOSTURINN Poll, the Progressive Party has only improved its position in rural areas. The position of the People's Alliance, however, has worsened continually and its following in the densely populated areas is at a low point. Looking only at these figures, we might ask whether or not the conclusion can be drawn from them that there have been fundamental changes within the moderate and left wings of Icelandic politics?

Also asked about in this poll was support for or opposition to the government of Steingimur Hermannsson. The results were nearly equal, as was the case in the last poll. Thus government opponents make 50.2 percent and the supporters of the government 49.8 percent of those taking a position. Around 25 percent were undecided or would not answer.

The proportion of government supporters is favorable in rural areas by a figure of almost 70 percent but in Reykjavik opponents of the government are

greater to the same degree. The difference for the Reykjanes region is less but there are somewhat more opposed to the government.

Support for the government has changed little this year. In January 46 percent supported it and 54 percent were opposed. In April 51.5 percent supported the government and 48.5 percent were opposed. There is now slightly more opposition than support.

Looking at party support in terms of a division of Iceland into Reykjavik, the Reykjanes region and the interior, the Progressive Party is unquestionably the party of the sparsely populated areas, more than the Independence Party, which seeks a national following. It is instructive, however, to look at the Reykjavik figures, since the Independence Party enjoys no less than 51 percent support there, compared to around 40 percent in the Reykjanes and 34 percent in the interior.

This is perhaps due to the personal popularity of Mayor David Oddsson in Reykjavik.

The Women's List is likewise a party of the densely populated areas, with 12.7 support in Reykjavik, 12.9 percent in the Reykjanes region, and 5.7 percent in the interior. It is especially noteworthy from the numbers that the Social Democratic Party has less support in Reykjavik compared to the Reykjanes region, or 12.1 percent. In the Reykjanes its support is 18.8 percent and 16.5 in the interior. The Social Democratic Party's increase in support has hitherto been credited to Chairman Jon Baldvin Hannibalsson, but it should be realized that he is a Reykjavik MP. On the other hand, it may be said that the well prepared campaign of Hannibalsson has scarcely begun in Reykjavik.

At the close of the Althing spokesman of the opposition parties went on television and were asked whether or not their opposition in the althing was poor. Certainly not, they said, but all were in agreement about one thing, with the exception of the Social Democratic Alliance spokesman, that the government opponents have received little attention in the state mass media. Those relying heavily on the mass media should certainly think about what they are going to do now, bearing in mind the fact that two parties without organs of their own seem to have carved out niches for themselves in Icelandic politics for the immediate future.

#### Opinion Polls

A public opinion poll was carried out during the weekend of the 6th and 7th July on support for parties and positions on the government. The poll was carried out in the same way as earlier polls published by HELGARPOSTURINN. Some 800 individuals aged 18 years above were called through computer selection from the telephone directory and from among telecommunications users (excluding companies and institutions) with more or less equal division between men and women. The sample was divided between three main regions, that is Reykjavik (306, 0.48 percent of 38.1 percent, the proportion constituted by Reykjavik voters of all Icelandic voters, or nearly 166,500 persons), Reykjanes (182, the area has 22.9 percent of Icelandic voters) and



the rural areas (312, 39 percent of voters). These proportions are based upon the most recent statistics of the Icelandic Economic Institute.

The question was: If the elections were held today, what party would you vote for? Secondly: Do you support the government or not?

The major results of the public opinion survey are published in the following tables. When comparisons are made with the three public opinion polls published in HELGARPOSTURINN since January of this year as considerable change in party support may be noted. There seems to be a general uncertainty among "uncommitted voters," as they have been called. Also to be discerned is a marked difference in support changes by parts of Iceland, that is, Reykjavik, the Reykjanes and rural areas.

Table 1: The Position of the Parties at Present According to The HELGARPOSTURINN Poll, the Hagvang Poll, published by MORGUNBLADID yesterday and also two other HELGARPOSTURINN and DV Polls from the Year

	HELGAR POST- TURINN (HP) Now	Hag- vang Now	DV 10 Jun	HP 24 Apr	DV 2 Apr	Elec. 1983
Social Demo.	15.5%	16.0%	19.0%	22.3%	19.9%	11.7%
People's All.	12.6%	12.0%	10.5%	13.2%	15.1%	17.3%
Soc. Dem. All.	8.6%	7.7%	7.9%	5.6%	5.6%	7.3%
Progressive	11.7%	11.0%	14.3%	10.8%	16.2%	18.5%
Women's List	9.7%	9.1%	6.4%	5.4%	6.7%	5.5%
Independence	41.6%	43.6%	40.9%	41.8%	36.1%	38.7%
Other	0.2%	0.6%	0.9%	0.9%	0.3%	1.0%

Table 2: All of Iceland

	Number of Voters	Proportion	Proportion of Those with Positions
Soc. Demo.	70	8.8%	15.5%
Progressive	53	6.6%	11.7%
Soc. Demo. All.	39	4.9%	8.6%
Independence	188	23.5%	41.6%
People's All.	57	7.1%	12.6%
Women's List	44	5.5%	9.7%
Other	1	0.1%	0.2%
Undecided	198	24.8%	---
Will not Vote or Empty Ballot	65	8.1%	---
Would not Answer	85	10.6%	---

Table 3: Party Althing Strength and Results of Three Last  
HELGARPOSTURINN Public Opinion Polls

	Althing Strength	HP Jan 85 Poll	HP Apr 85 Poll	HP Jul 85 Poll
Soc. Demo.	6	9 (10)	14 (14)	9 (10)
Progressive	14	11 (11)	7 ( 7)	7 ( 4)
Soc. Demo. All.	4	3 ( 4)	3 ( 4)	5 ( 6)
Independence	23	24 (25)	25 (26)	25 (26)
People's All.	10	9 ( 9)	8 ( 8)	8 ( 8)
Women's List	3	4 (4)	3 ( 4)	6 ( 6)

Explanation: Figures within the parentheses are in terms of an Althing of 63 members, the number that there will be after the next elections. The first figure is in terms of 60 members of the Althing as there are now.

Table 4: All Iceland, Position on Government Support

	Number of Voters	Proportion	Proportion of Those Taking Positions
Support Gov.	299	37.4%	49.8%
Opposed	302	37.8%	50.2%
Undecided	114	14.3%	—
Would not Answer	85	10.6%	—

9856

CSO: 3626/51

POLITICAL

ICELAND

COUNTRY'S SHIPPERS ANGERED OVER RAINBOW NAVIGATION ROLE

'Blood Bath' in North Atlantic

Reykjavik HELGARPOSTURINN in Icelandic 27 Jun 85 pp 20-21

/Article by Halldor Halldorsson: "It Will Be a Blood Bath in the North Atlantic"/>

[Text] HELGARPOSTURINN travels to New York today, among other things to gain an understanding of the current situation and future prospects of the shipping lane stretching from the eastern coast of the United States to Western Europe with regard to the position of Iceland in this market. We talked to newspapermen and experts in this area, managers of shipping and cargo companies. The results are simple:

No shipping company is making a profit at present by shipping along this route.

Five shipping companies have gone bankrupt through shipping of this kind. All of them were small. It is planned that more small shipping companies will follow them into bankruptcy.

Associations of shipping companies can destroy "independent" shipping companies such as Hafskip. Small independent shipping companies are dying one after the other.

Shipping capacity is considerably more than is needed and ships sail half full to Europe.

Large companies with quantities of capital behind them can endure competition for a long period of time. Small companies cannot endure a "dry spell."

During the latter part of this year small, independent companies will be under a lot of pressure.

A precondition for the stabilization of the market is that the strength of the dollar decreases considerably. That is not foreseen for the present year.



Shipping rates to Europe have declined immoderately. It is considered likely that cargo rates to the United States will fall again due to too much cargo capacity, too many ships.

During the last 2 months, two shipping companies sailing the North Atlantic shipping lanes have ceased their sailings since these companies could not gain from them what they had hoped. The two companies were, on the one hand, "Double Eagle" (which leased container space) and, on the other, ScanAm, a Swedish company, which planned to concentrate on cargo service between the United States and Scandinavia.

Last year three other small shipping companies along the North Atlantic route vanished from the market on account of the great competition. These were American Coastal Lines (AMCO), Parklines and ABC Containerline (in the western shipping lanes).

New on the route are Eimskip (with one ship), Hafskip (4) and likewise Evergreen, which made a strong appearance on the route last September, a month after the appearance of Hafskip.

Evergreen is from Taiwan and had eight ships sailing along the route for a short time and it is expected that it will increase the number of its ships this year.

Various changes are expected in the market this year, as Conrad Everhard, chief of the Dart Shipping Company in the United States said in an interview with HELGARPOSTURINN. He said that the shipping company Overseas Orient Lines intends to enter the market with many large ships. This will be something new and should result in much harder competition in a very difficult market. Orient Overseas is part of the so-called C. Y. Tung chain, which controls Dart and SLCS, sailing to Canada. Tung has its headquarters in Hong Kong and is one of the largest shipping companies in the world.

Plans to add ships to the market will mean plowing over the small companies.

"It will be a blood bath in the North Atlantic," said Conrade Everhard, when he was asked about the present condition and future prospects of the North Atlantic market for the immediate future.

"I foresee a blood bath in this market in the autumn or before the end of the year, and the battle will last at least a year as the shipping companies begin to add new ships to the shipping route, added Everhard.

#### Attack Against Small, Independent Companies

There is too much shipping capacity on the shipping route, that is, too many ships, but the chief of the Dart Shipping Company has stated that four shipping companies, at least, plan to increase their fleets on the route. These are U.S. Lines, Evergreen, Orient Overseas Container Lines, Dart and in fact many, according to Everhard.

"The situation will certainly worsen later this year, when the shipping companies add ships," said Conrade Verhard of Dart. It may sound strange that North Atlantic shipping companies intend to increase the number of ships on the route since cargo capacity is greater than need. The situation is, however, simple: the large companies intend to destroy the small, independent companies. Through the power of great capital they plan to offer better and more reliable service and lower freight rates, which have already fallen at least 50 percent, according to Harvey Flitter, chairman of the administration of the U.S. Atlantic Europe Conference, which has its headquarters in New York.

Flitter stated in an interview with HELGARPOSTURINN that in the works is a well prepared attack to be mounted by the shipping companies in the "Conference," which is comparable to IATA in size, against the so-called "independent" companies, the "outside companies" such as, for example, Hafskip, which has attempted to enter the market in force during the last 8 months.

In fact it is a matter of cat and mouse since the shipping companies in the Conference control 80 percent of the market, the independent companies around 10 percent and Polish Ocean Lines, the Polish shipping company, through government price supports, around 10 percent.

It emerged from an article on North Atlantic sailings in the April issue of LLOYD'S SHIPPING ECONOMIST that cargo capacity of shipping companies in the Conference has decreased proportionally to around 70 percent. The Evergreen shipping company has understandably garnered most of the Conference ships on account of the size of its fleet and the frequency of its service, but eight percent of cargo capacity falls to the "small annoying group," as the small companies are called in that paper. Thus cargo capacity of Hafskip is calculated to be two percent. The use of this capacity is, on the other hand, much less, since the ships sail to Europe almost empty or with very cheap rates. There are, on the other hand, large shipments from Europe. For this reason, among others, there is a shortage of capacity along the route.

More will be arriving. The cargo rate struggle is at its high point and the shipping companies compete in underbidding each other for shipments from the United States. They fight about emery items and basis in shipping company rates (except for those transporting for the American military) and there are all kinds of rubbish and papers that must be repeated in Europe.

There are grumblings that cargo rates from Europe to the United States may drop rapidly on account of capacity above need. Experts in the cargo area and newspaper men, who discussed the matter, thought such a drop unlikely.

#### Must Operate at a Loss

All those whom HELGARPOSTURINN interviewed in the United States on this matter were in agreement that no one is making a profit from North Atlantic sailings as things stand now. There is now a "parching drought" on the route and elsewhere and most asserted that sailings along the route must operate at a loss.

"I think that no one is making any money on shipments from the United States and on imports from Europe at this time," said Bill Banker, SHIPPING DIGEST newsmen, whospecializes in such areas as ships, shipping etc.

In agreement with him was his fellow newsmen William Armbruster, of THE JOURNAL OF COMMERCE, who discussed the matter in the pages of his paper.

When HELGARPOSTURINN showed them statements made by Hafskip on profits from the route and prospects of continuing profits, they expressed amazement at them, but added that they were, to be sure, not in a position to judge Hafskip in isolation and its apparently energetic trade relationships with the United States. Bill Banker referred in this connection to Scan Am, which ceased service due to the fact that the company was unable to obtain enough cargo from the United States to Scandinavia. ScanAm planned to gain extra cargo above what the other companies were getting by offering the special service of freighting to Scandinavia. They were unable to do so at all.

"If Hafskip can secure enough cargo from the United States to Iceland and Europe it will probably set a precedent..." said Banker.

Both Banker and Armbruster emphasized the fact that the market for shipments from Europe is very profitable on account of the strength of the dollar, which has resulted in enormous exports to the United States. Jerry Desmond, cargo broker with the company Vanommeran, which loads cargo onto ships, agreed with this.

He said that the situation in the United States was as bad as possible and that that was true both for shipments over the North Atlntatic to Europe and further south. On the other hand, it is not necessary for shipping companies to have a full ship coming back to make a profit.

It may be mentioned that people have heard in shipping branches in the United States that, as an example of the extremely low rates, a 20-foot container has been transported for \$500-700. We should be cautious in this article about making value comparisons since cargo rates vary with what is being transported. But for the reader's information it may be mentioned here that Rainbow Navigation, which has captured the largest share of all shipments for the American military to Iceland, gets between \$3,600 up to a good \$4,000 for transporting a 20-foot container from the eastern coast of the United States to Iceland. Icelandic companies should have had "similar" rates when they carried these shipments. We may conjecture that around half of all Icelandic shipping company shipments from the United States have been for the United States military. Thus loss of these shipments should be extremely damaging for the Steamship Company and Hafskip.

#### Rainbow Uses Only One Ship Due to Political Pressure

HELGARPOSTURINN has information to the effect that Rainbow, which now uses only one ship, had intended to use two ships on the route but that this was prevented due to political pressure from Iceland.

HELGARPOSTURINN also has sources indicating that Hafskip was interested in purchasing the American shipping company AMCO and planned also to sail under the American flag. Thereby Hafskip planned to later gain a foothold in military shipments. The sale did not take place.

Be that as it may. The competition for a share of the market has become so great that there are examples whereby some shipping companies have offered rates below cost, especially to keep the trade until better years come. A large, strong shipping company is able to do this. A small company cannot withstand such competition for long.

"Atlantic sailings may turn upon the fact that those who are best financed may live off them, others will go bankrupt. Those who are best financed may operate in this way. Those in debt for one reason or the other, especially those who have purchased their ships with large loan payments, will be forced out of business," said Everhard of the Dart Company.

Asked about small, independent shipping companies such as Hafskip, Everhard said that "they will certainly die in the future."

"Those who will survive on the route are those with money in the bank. And conditions will worsen when the extra ships appear later this year; the situation will be considerably worse," said the manager of Dart.

He thought that after that takes place poor conditions will continue for at least another year.

All of HELGARPOSTURINN's informants in the United States agreed with this view. They said in fact that it is clear that the "Conference" intends to draw the line and that its companies plan collectively to destroy the "external companies" once and for all.

#### "No Future For Hafskip"

The specialists consulted put the same emphasis as Everhard on the importance of shipping companies having a strong support and with income from more than overseas container transport. It is the nature of the shipping industry that "we learn to expect 8 'dry' years out of every 10," as Flitter, chief of the U.S. Atlantic North Europe Conference, worded it. "Shipping companies that are exclusively devoted to shipping are in a much weaker position than those who are diversified and also work in other sectors," said Bill Banker.

As an example of how little is exported from the United States to Europe, it may be mentioned that freight amounting to 4,000,20 foot containers is transported weekly to Europe from New York and Norfolk in Virginia. To give some idea of the size of this cargo, it may be noted that U.S. Lines, one of the shipping companies on the route, has ships on the route that can carry exactly 4,000,20 foot containers. One ship is enough. The number of ships leaving these United States harbors, however, is around 14 ships a week, 8 from the Conference and 6 from outside.



Although it is in Everhard's own interest to pay strict competition for markets, we asked him about Hafskip. He replied briefly and to the point: "No future. The company has no future. Perhaps in the short term with income from military shipments." (It may be mentioned that Hafskip had only a \$1 million income from military shipments during the 10-month period since last March. The company's share was 10 percent.)

William Armbruster of THE JOURNAL OF COMMERCE was also asked about Hafskip in the light of the statements made by the manager of the company. He answered in general terms:

"As I see trans-Atlantic shipping, the best thing would be to get out of the market, otherwise the companies are going to lose money in it," said William Armbruster of THE JOURNAL OF COMMERCE. He said that he was not familiar with Hafskip in particular but he could not imagine how they could have an easy time of it struggling in the North Atlantic. Armbruster said that it should be realized that the six shipping companies in the "Conference" compete with better service and faster deliveries. This association has been very good at selling its services and its marketing system is quite good. For these reasons alone it could prove difficult for a small, independent company to stand up to them.

In discussions with various persons in the profession about the North Atlantic route and Hafskip and the possibilities of small shipping companies along this route, the point was made again and again that ScanAm had had to cease service.

Flitter, chief of the Conference, noted that in news reports on the collapse of ScanAm its company managers revealed that they had not expected competition with independent companies in the market, something that has rapidly decreased cargo rates.

"I thought it somewhat noteworthy, that there would be competition among independent companies, and that they would have to struggle one against the other," said Flitter. On the other hand, it emerged clearly from what Flitter said that the Conference was not well off and that a clear threat exists to it. The plan is to computerize and rationalize the system for these shipping companies and likewise to depend upon their financial strength to resist the burden that now exists due to poor market conditions.

"It is still unclear whether or not another independent shipping company, other than ScanAm, will continue to trade like it did. And if independent companies intend to continue to compete with one another it will not help their situations to do so. The shipping companies of the Conference have made considerable investments in their ships and equipment and they have the endurance to withstand many years of difficulty," said Harvey Flitter, chief of the U.S. Atlantic North Europe Conference.

#### Good Reason For Amazement (the Hafskip Statement)

At a general meeting of Hafskip Inc early in the month the executive director and the head of the company mentioned a so-called North Atlantic shipping route

of the company, something that greatly astonished people. They talked about successful experiments on the route and their optimism on the continuation of the trade. Their statements created amazement in Iceland among those in the know. HELGARPOSTURINN has looked into the matter, among other things, through discussions with various parties in shipping in the United States.

Having considered the matter, HELGARPOSTURINN comes to the conclusion that there was good reason for the amazement. Hafskip has recognized the shortage of ships on the Iceland route.

The managers of Hafskip have stated about the North Atlantic route:

"The so-called trans-Atlantic shipping routes of the company now have 8 months experience behind them--it has become a reality and are realizing a brisk trade, contradicting all old and new prophesies.

(Ragnar Kjartansson, executive director, at a general meeting of the company on 7 June 1985).

"The trans-Atlantic routes of the company have proven profitable from the beginning. Up to this point projections have proven by and large to be true and it seems that things have turned out as expected.

Our success on the Atlantic routes is the reason that we stand here today."

(Director Bjorgolfur Gudmundsson at the general meeting on 7 June.)

#### Officials Criticize Management

Reykjavik HELGARPOSTURINN in Icelandic 4 Jul 85 pp 20-21

/Interview with Bjorgvin Bjorgvinsson, former Hafskip employee, and Gunnar Andersen, former director of Cosmos, Hafskip daughter firm, by Halldor Halldorsson: "HELGARPOSTURINN Talks to Two Former Hafskip Employees"/

/Text/ As emerged from the last issue of the HELGARPOSTURINN, a HELGARPOSTURINN newsman made a quick visit to New York a few days ago to find out some things about cargo shipping in the North Atlantic, the position of Hafskip in the market and whatever else that relates to Hafskip and the management of the company. We talked, among others, with Gunnar Andersen, former director of Cosmos, the shipping broker of Hafskip in the United States, and also with Bjorgvin Bjorgvinsson, former employee ("line manager") of Hafskip USA on Long Island.

Andersen resigned from the company in February and Bjorgvinsson was fired the same day that the first HELGARPOSTURINN article on Hafskip appeared. He received 5 minutes notice to remove himself from the offices of Hafskip USA. He was told that he was being fired for having discussed the problems of the

company with outsiders. "I see nothing special about talking about the position of the company, even if it is weak, and in addition I find the operating results of the company not so positive as the managers of the company say they are," said Bjorgvinsson.

He added that the criticism was not heard within Hafskip, and Gunnar Andersen agreed with that. It emerged from discussions with both men that it is characteristic of the management of Hafskip that they do not listen to criticism.

After Bjorgvin Bjorgvinsson was fired by Hafskip USA the lock was changed at the company's office in Huntington Quadrangle and subsequent to the firing the employees of the office were made to sign an oath of silence with the promise not to say anything about company business outside the office. HELGARPOSTURINN has no idea why.

/Question/ HELGARPOSTURINN met Bjorgvin Bjorgvinsson at his home in a well maintained old house on Long Island. He was in rather good spirits in view of the fact that in the United States it is considered to be a difficult burden to bear when one has been fired--whatever the reason for it. Bjorgvinsson was asked first why he had been fired and what the reasons given for it were.

/Answer/ "Baldvin Berndsen, the chief of Hafskip USA, came to me and said that he had received an order from Iceland that he was to fire me; asked for my key and other property of the company and said that the dismissal took effect at 12:00 noon. It was then 5 minutes til.

"I have had very definite views on operations of 'trans-Atlantic' routes and other things. They said that I had violated a trust but I think that I have not violated a trust by saying things that I know are true. It is in fact my position that it is best for the company to tell the truth. For example, operations on both sides of the ocean, from what I can see, are not doing well cost-wise and are a good deal worse than the managers of the company maintain. It is perhaps right to mention that I am not the only one dissatisfied with various aspects of company operations and policy. There are many employees of the company that feel the same way but have not spoken up."

/Question/ Do you think that, in your view, the reason for your dismissal was in reprisal since the management of Hafskip considered you to be one of two sources of the paper?

/Answer/ "Yes, I think so to some degree."

/Question/ And are you not bitter at HELGARPOSTURINN?

/Answer/ "No, I am not bitter at HELGARPOSTURINN. There was nothing in the first article in question or in the second that was not true. The information contained in them was not favorable to Hafskip since realities provide no reasons for optimism."

/Question/ But why such a harsh reaction?

/Answer/ "Hafskip wants to appear in the best possible light, perhaps in a better light than it should."

/Question/ Information has now been published on the position of Hafskip, a considerable loss and projections that the future does not seem bright along the Atlantic route. But what can you tell me about the operations of Hafskip USA, the American daughter firm of Hafskip?

/Answer/ "Hafskip USA as such is a comparatively new company, founded in 1982, and the function of its offices is to serve ships arriving every 3 weeks from Iceland. The largest part of this was based upon military shipments, which were delivered to us from time to time. In their time, the military shipments provided 18-20 percent of the company's income and well supported operations here. The container traffic was light, 50-60 containers every 3 weeks, also their value was high so that a large number of containers was not necessary to secure a large revenue.

"After the 'trans-Atlantic' sailings began things changed completely. The flow of containers increased greatly, trips were more frequent, military shipments were the exceptions rather than the rule, the company had nothing that paid, except for a very few containers; shipping costs increased substantially, and infact all operating costs, which had been very low so far.

"For these reasons cost control, for example, should have been much greater than it was and perhaps not enough was done to tighten control.

"In my view of operations at present is that they are probably improving, but in the beginning they were very expensive and rather loosely held to a proportion of costs so that losses were greater than they needed to have been."

/Question/ What do you mean specifically? Was something wrong with operations?

/Answer/ "There are many indications that bookkeeping entries were, shall we say, a little strange. Indeed, there are many indications of this."

/Question/ You have been threatened with prosecution in a round about way, the lock was changed, etc. Are these people somewhat afraid of you?

/Answer/ "They should be somewhat."

/Question/ Do you know of anything that you should not that they do not want published?

/Answer/ "Certainly I had access to all operating papers within Hafskip USA and certain information in them should make them uneasy."

/Question/ For example?



/Answer/ "There are in fact a large number of examples, but I will dwell on none in particular here. It may be mentioned, however, that the Hafskip Inc bookkeeper was full of uncertainties for a while about bookkeeping here, and he was sent out specifically to deal with it. I think that no one should be surprised when they realize that there is much irregularity in operations here. This is certain."

/Halldorsson/ It may be mentioned here that HELGARPOSTURINN has raised the suspicion that Hafskip has broken American tax laws and recorded incorrect container weights. Bjorgvinsson affirmed that in an interview. He also affirmed that four bad checks had been issued around the end of May and beginning of June, rather than one as Hafskip has maintained. One amounted to \$60-70,000 and was to go to the New York Shipping Association and another was for \$6-7,000, paid to lawyer Jerry Fenzel, counsellor for Hafskip. The debt was 2 years old!"

We next asked Bjorgvinsson about the company "Georgia Export Import."

/Question/ What company is "Georgia Export Import"?

/Answer/ "The company belongs to Baldvin Berndsen, chief of Hafskip USA and has been paid to supervise and clear ships for Hafskip in New York."

/Question/ But does not Hafskip buy this service from others?

/Answer/ "Hafskip buys this service from others, various others. Among other things, Hafskip has people to see to it that ships pay their tolls and take charge of loading, unloading and cargoes. Georgia Export Import was responsible, together with Hafskip, for certain aspects of clearing each ship."

/Question/ How much?

/Answer/ "It was first \$900 and then increased to \$1,000 for each ship. I took over the work to some degree when company employees were unavailable and I was paid \$300 for every ship that I moved. But it was not Hafskip that paid me but Georgia Export Import. I declared all of this income for tax purposes."

/Question/ Is the address of this company the same as that of the managers?

/Answer/ "My latest information is that the company is situated at the residence of Baldvin Berndsen."

/Question/ In HELGARPOSTURINN's report on the general meeting of Hafskip Inc, whereas the loss of 95 million kronur was announced, it was stated that it was generally felt that the loss was around 200 million kronur. Am I correct in saying that the chief company bookkeeper said that?

/Answer/ "Yes it is correct that bookkeeper Signurthor Gudmundsson may have said that to many people. He said that the loss could be 200 million kronur. That is true."

/Question/ Did he tell you that?

/Answer/ "Yes, certainly."

/Question/ Without any reservations?

/Answer/ "He said that this was his opinion. It sounded as if it was his appraisal."

/Question/ Fact?

/Answer/ "Yes."

/Question/ When was the last time that he told you that?

/Answer/ "He was here in January and said it then."

/Question/ Was he prepared to say that before?

/Answer/ "Yes, he was prepared to say the same thing before the beginning of the year, that the loss might be of that magnitude. He came here to look at the books; to convince himself that the figures coming from here were more or less correct, and after he had gone over then he was convinced that the loss would be around 200 million kronur for the year 1984."

/Question/ What do you think caused the change, that accounts for the year only showed a loss of 95 million kronur?

/Answer/ "I do not know at present. I do not understand how they came to that conclusion or whether the bookkeeper was 100 percent wrong about everything. I just do not know."

Operations economist Gunnar Andersen was the director of Cosmos, export broker company for Hafskip Inc, which was formally purchased by the company in December 1983. Andersen resigned his job at Hafskip in February and stopped working for it at the end of May. Andersen later worked for Hafskip as a consultant and sought out, investigated and appraised shipping brokers for Hafskip. That job ended when Cosmos in New York was sold.

Andersen: "The reason why I resigned was that cooperation between Cosmos and Hafskip was not going as planned. Relations with Hafskip USA were very stiff from the beginning and the reason for it was that Baldvin Berndsen, chief of Hafskip USA, was of the view that a shipping company should not have close connections with an export broker."

/Question/ Did Berndsen attempt to cut these connections?

/Answer/ "He did not attempt to do so directly, but all associations of the two sister companies were characterized by this attitude of the company chief. In fact this idea of the company chief was well known within Hafskip and he was above all the person who promoted it, although there was disagreement in the shipping branch."

/Question/ Were the managers of Hafskip in agreement with this "policy of isolation?"

/Answer/ "Indeed, it was clear from our relations with Hafskip as a whole that the management of the company was in agreement with the policy."

/Question/ Where did the idea come from?

/Answer/ "Much emphasis was put on separation. In the beginning the plan was to combine the operations of Hafskip USA and Cosmos to a certain degree, for example, by having both companies in the same building as an economy measure and for similar reasons. But everything changed with the new ideas of the American chief."

/Question/ It sounds as if the owners of Cosmos wanted to undercut it?

/Answer/ "Yes, it does sound that way, but it was never Hafskip's intention to kill Cosmos, although some think that the former owners of Cosmos certainly felt that way."

/Question/ Do you know of any former owner of Cosmos still working there?

/Answer/ "Yes, there are some still working at the Cosmos office and that are in fact Hafskip employees."

/Question/ And are they not wondering about what the situation is?

/Answer/ "Yes, they have expressed such concerns to me and to others within the company."

/Question/ The managers?

/Answer/ "Among others, and the chief of Hafskip USA."

/Question/ Can you provide examples of such poor relations?

/Answer/ "One example is when Cosmos attempted to support Hafskip in its 'trans-Atlantic' adventure with the difficult relations between the sister companies perhaps one reason that it did not work out better. For example, we endeavored to sell our customers Hafskip service since Hafskip was offering good rates over the Atlantic. We based our offer on figures provided by Hafskip but in one case at least, when we were ready to make a deal, a Hafskip salesman appeared in our offices before the customer in question and offered a much lower rate. The one thing that resulted from such things was distrust between the companies. That was perhaps not intentional, but there seemed to be a lack of cooperation and of coordination."

Export broker companies have done very badly in recent years on account of the small size of shipments from the United States and scores have gone bankrupt. It may be mentioned as an example of this that Behring International, one of the strongest in the field, went bankrupt in April. Some 700 worked for the

company. The operations of Cosmos were difficult and the company operated at a loss. The company now owes \$250,000 for overdrafts over its credit limit and the bank in question has gone to the Outfitters Bank for guarantees of bank credits in the future.

On account of its weak position, difficult operation and the new attitude on isolation of export brokers from the company, the choice was made to sell Cosmos.

Andersen: "People had begun to discuss that and the situation was especially 'sensitive' when I resigned at the beginning of February. I was especially alarmed, however, when there was discussion of a possible sale of Cosmos to another export broker, since the owners had apparently drawn the conclusion that that would be bad for Cosmos and give rise to the greatest possible financial difficulties which they themselves could benefit from.

"But the chief of Hafskip USA told me later, however, that he had taken it upon himself to discuss this with others and they then talked to a great many export brokers and other parties in the business."

/Question/ Did he do that at your request?

/Answer/ "Yes, but at the same time a rumor began making the rounds that Cosmos was going to go bankrupt, with extremely serious results. Among other things, we were put onto a cash payments system by various shipping companies."

/Question/ HELGARPOSTURINN has reported about the North Atlantic routes, the shipments that Hafskip counts on so much. What do you think about them?

/Answer/ "I say that I was full of doubt about this from the very beginning. The dollar was strong (was in fact on the rise), exports from the United States on the decline, ocean shipping capacity was growing, large ships and other companies were entering the market and in addition the European economies were weak and there were no prospects of their strengthening soon etc. And all of this turned out to be correct, but I was never asked directly for my views, although I made them clear."

/Question/ And what were the reactions?

/Answer/ "It may be said that the answer was 'you are looking for trouble,' or something along those lines."

/Question/ Did you caution often about this?

/Answer/ "Yes, we discussed it often in meetings."

/Question/ Is it your view that the North Atlantic routes of Hafskip will not prove successful?

/Answer/ "A venture will, to be sure, be successful if a company has full ships in both directions, but it will fail if this is not true. I doubt that this is the case with Hafskip and everyone knows that almost all shipping companies are losing money along that route."



/Question/ The management of the company has claimed that the company made a profit from the route during the first 4 months of the year.

/Answer/ "I will allow myself to doubt that all costs are included."

/Question/ HELGARPOSTURINN has stated that it was generally said before the Hafskip general meeting that the loss last year was 200 million kronur and not the 95 million announced at the meeting. Are you familiar with these figures?

/Answer/ "I have heard these figures mentioned, within and without the company. But I cannot confirm it. I cannot say whether the rumor is true or false."

/Question/ But you can affirm that it was the bookkeeper himself that said this?

/Answer/ "Indeed, he mentioned this to me more than once. On the other hand, he said that the loss depended upon how the figures were calculated."

/Question/ How can figures be so calculated that the difference is half--100 million kronur?

/Answer/ "I cannot say in particular how it is done."

/Question/ In the first HELGARPOSTURINN report on the position of Hafskip, which raised a commotion, there was direct reference to you as one HELGARPOSTURINN source. Why was the finger pointed at you and why all the noise?

/Answer/ "The finger was probably pointed at me because they knew that I have been in disagreement with them about many things, particularly the management of Cosmos and likewise the 'trans-Atlantic' adventure. I can well imagine that they wanted to isolate the criticism to a single individual. It is easier for Hafskip when the question of general discontent within the company is left open, unheard. There are more in disagreement with them than I. They know that very well."

/Question/ But why all the noise?

/Answer/ "It was just before the general meeting, they had to report on a large loss and people were, to be sure, a little nervous about it."

/Question/ If it is correct what I have heard, the management of Hafskip has threatened you with a law suit?

/Answer/ "It was reported to me that they intended to prosecute me in the United States for the theft of certain papers. I do not know what papers they are."

/Question/ Perhaps an effort is being made to silence you or to ensure that you do not talk?

/Answer/ "It seems to me that Hafskip cannot bear criticism. I feel that that is the declared policy within the company that people discuss its problems

as little as possible. Perhaps I have been abroad too long, but I see nothing special about expressing one's opinion about the management of a company in an objective manner."

/Question/ Have you become aware of aspersions cast on you since the Hafskip matter began?

/Answer/ "Yes, I have become aware of them from several directions. I think that it is some kind of organized campaign, but it became immediately clear to me after I saw the article in HELGARPOSTURINN that I might expect it."

/Question/ Do you think that the campaign of slander is being directed from the company headquarters in Reykjavik.

/Answer/ "I am certain of it."

#### News Item: Hagskip Sells a Ship

Hafskip USA, the daughter company of Hafskip Inc in New York has now moved its office from Long Island to Lower Manhattan in New York City. The move was long planned and has now become reality. It is said that through the move the company will be able to administer its services better and more efficiently than before.

Two new employees have been hired by the company. One is direct of sales and the other is the managerial director. The company moved into the new facilities last week.

Hafskip Inc has sold one of its ships, valued at \$350,000-400,000. HELGARPOSTURINN could not confirm it but our sources think that Icelandic Outfitters Bank has received every single krona paid for the ship. The original cost of the ship was not recovered.

Bjorgolfur Gudmendsson, chief of Hafskip, has now been in New York for almost a half month and has had a matter to deal with. He has held negotiations with MUT Bank in New York regarding Hafskip debts. The bank has loaned Hafskip around \$5 million, but the Icelandic Outfitters Bank has guaranteed the financing. On the other hand, the bank has demanded guarantees from the Outfitters Bank for the \$250,000 debt of Cosmos with the bank. Hafskip was unable to obtain the guarantee.

#### Shultz Proposal Criticized

Reykjavik MORGUNBLADID in Icelandic 9 Jul 85 p 4

/Article: "'Shultz Proposal Is a Rude Affront to Iceland,' Says Hafskip Director"/

/Text/ "We are very dissatisfied with those ideas contained in a letter from the United States Government to the Icelandic Ministry of Foreign Affairs. We think that the proposal

for some kind of money payments, as 'compensation' for our losing the shipments for the garrison force is without doubt a rude affront to Iceland as a member of the NATO Alliance and an equal of the United States in the Alliance," said Jon Hakon Magnusson, Hafskip director of marketing in a conversation with MORGUNBLADID on the proposal of George Shultz, United States Secretary of State, on the solution of the dispute on sailings of the Rainbow Navigation Inc shipping company to Iceland with goods for the garrison force of the Keflavik Airfield.

Magnusson pointed out that 15 months have now passed since Rainbow Navigation began its sailings to Iceland. "Nothing has been done during this time," he said. "The letter, which Geir Hallgrimsson has received from Shultz, is a shining example of an issue that is deadlocked and cannot be solved in a simple manner. They are likely to offer to send a delegation here to Iceland but we remember clearly the large delegation that came here just a year ago and was to make proposals on solving the problem. Nothing more has been heard of the committee."

He said that the United States Secretary of State has "made a jackass of Iceland long enough. First we had to wait for the presidential elections last autumn and then for Reagan to form a new government and then we were asked to wait until after spring. Icelandic Foreign Minister Geir Hallgrimsson has represented us well in this matter. He has, on the other hand, trusted the promises of Shultz, which have not proven worth much."

Jon Hakon Magnusson said that the sailings of Rainbow Navigation have caused much damage to Icelandic shipping companies and Icelandic interests. "We want to be equal to American shipping companies and take part in the free trade the Americans have advocated in the world," he said. "They have, on the other hand, not played fair and have abused Icelandic courtesy and patience. It should be made very clear to them that it is absolutely intolerable for us as a democratic state and an equal of the United States in NATO to attempt to offer Iceland some kind of pacifier for us to give up our natural rights."

#### Country's Leading Newspaper Comments

Reykjavik MORGUNBLADID in Icelandic 7 Jul 85 p 28

/Editorial: "Compensation For Rainbow"/

/Text/ Around a year has passed since the American shipping company Rainbow Navigation began shipments of goods for the garrison force at the Keflavik Airfield. The company was founded in 1983 to control two ships, on sale because their former owner could not keep up payments to the American public agency MARAD, which provides financing and assistance for ships built in the United States that will be operated under the United States flag.

From the beginning it was clear that the purpose of the owners of Rainbow Navigation was to deal with shipments for the American military and that they

had their eye on Iceland. Projected income of the ships of Icelandic shipping companies for shipments for the garrison force was calculated at \$10 million a year or around 400 million kronur at the present rate. The owners of Rainbow Navigation had no plans to take over the shipments through lowering freight rates. They did not need to do so.

According to the provisions of an American law from 1904, American companies, operating ships built in the United States under the American flag, have absolute rights to all shipments of the United States Department of Defense. The owners of Rainbow Navigation had no more than to remind those in charge of the military shipping department of this 80-year-old monopoly law and all shipments to the garrison force at the Keflavik Base fell into their hands, although Icelandic shipping companies took complete charge of these shipments from 1966.

There have been no reports that Rainbow Navigation has lowered its freight rates on military goods. The company need fear no competition on the part of Icelandic shipping companies. Even if they were to offer the Americans free transit in their ships, Rainbow Navigation would get the cargo according to the monopoly law. On the other hand, there have been reports in the paper that the Rainbow has offered freight rates lower than those offered by Icelandic shipping companies for civilian goods, for example, for tobacco for the Icelandic State Alcohol and Tobacco Trade. Ever since it became clear that ocean shipments for the garrison force have been snatched away from Icelanders in this one-sided manner we have sought for ways to end the monopoly. We have not been successful in spite of many long meetings, for example, in Lisbon recently when Icelandic Foreign Minister Geir Hallgrimsson spoke with George Shultz. The American Government is afraid to touch the monopoly law, most likely fearing the opposition of congressmen and special interest groups, and has offered to solve the problem through some kind of compensation. It would be absurd if the outcome of the matter was that Icelandic shipping companies received dollars for cargo that they are not carrying. A solution of this type would contradict the basic assumptions that have hitherto dominated in the military cooperation of Iceland and the United States. No politician has spoken more firmly against Iceland receiving money for military cooperation than Geir Hallgrimsson. Icelandic shipping companies have never received such compensation. The one thing that they want is equality with Rainbow Navigation. There is a plan that ranking officials from the United States should come to Iceland to discuss the matter further. They will have to have more to offer in the discussions than dollars if an appropriate solution is to be achieved.

The Rainbow issue is one of those things in the close and joint collaboration of the United States and Iceland that remind one of a snowball that grows and grows the longer it rolls. The issue could in the end turn into an avalanche if enough attention is not paid to it. It is necessary for the security of Iceland that Icelandic shipping companies provide full service and sail to the United States as well as other destinations. Iceland feels that a monopoly upon the seas does not serve the mutual interests of Iceland and the United States and damages those interests. Hopefully a solution will be found to the issue that will accord with those assumptions that have so far been the foundation of military cooperation and will yield the same good results as has been the case in the past.



Reykjavik MORGUNBLADID in Icelandic 23 Jul 85 p 4

/Article: "'Such a Position Does Not Serve the Interests of the People of the Sudurnes Region,' Says Hordur Sigurgestsson, Chief of the Icelandic Steamship Company on the VIKURFRETT Article"/

/Text/ "The statements made in the article are out of the blue," said Hordur Sigurgestsson, chief of the Icelandic Steamship Company, on VIKURFRETT's appraisal of the 'Rainbow Incident,' reported on by MORGUNBLADID on Sunday. "I suspect that the article in VIKURFRETT is intended to defend the supposed interests of Sudurnes Region Icelanders regarding the loading and unloading of these goods in the Sudurnes," Sigurgestsson said also.

"I think that they went too far in what was said and the position stated is not in the interest of Sudurnes Region Icelanders. A ship must load and unload where it is most convenient. Participants in shipping of such wares from Reykjavik to Keflavik have to a large degree been people from the Sudurnes. It may be mentioned in this connection that agents of Rainbow Navigation Inc have come to us and sounded us out as to whether or not we were prepared to unload the ship in Reykjavik. That American company became involved in these shipments only under the protection of a 1904 defense law. Freight rates are thus the same as before, so that the Americans have not saved anything through the arrangement, rather the opposite. The company sails once a month, but we offered sailings around every 2 weeks. There is nothing in the article that changes our position on these sailings by an American shipping company, operating on the basis of a monopoly law," said Sigurgestsson.

Asked about the statement in the VIKURFRETT article that the greed of Icelandic shipping companies has created much discontent with navy Ocean Shipping Department, Sigurgestsson said, among other things: "We have had very good relations with the Ocean Shipping Department of the United States Navy in times past. The Icelandic Steamship company was a participant in these voyages after 1968, when the company took them over. We came to an agreement with the Ocean Shipping Department and freight rates from the United States decreased 14 percent from what 'Moore-McCormack' had charged. After container shipments were begun in 1976 at the request of the Ocean Shipping Department, there was likewise agreement on the structure of freight rates. The Ocean Shipping Department made no representations to us either concerning service or freight rates for these shipments. Such statements are made out of the blue," said Hordur Sigurgestsson, chief of the Icelandic Steamship Company.

### Poor Service, High Rates

Reykjavik MORGUNBLADID in Icelandic 23 Jul 85 p 4

/Article: "Worse Service Without a Decrease in Freight Rates, Says Ragnar Kjartansson, Hafskip Chief of Administration"

/Text/ "I see no reason to answer as anonymous article of this sort and only want to note that the appearance of Rainbow Navigation has had no influence upon freight rates along the route, they have not decreased," said Ragnar Kjartansson, Hafskip chief of administration, when he was asked his opinion on the appraisal in VIKURFRETT on the so-called "Rainbow issue." The article says, among other things, that the arrival of Rainbow Navigation may be due to the "unbridled greed and doubtful shipping practices" of Icelandic shipping companies. Kjartansson also said that he would also like to note that the arrival of Rainbow Navigation has resulted in the garrison force receiving worse service than before. The largest portion of the shipments now come in the ships in question, which arrive about every 4 weeks, whereas better schedules and more timely trips were guaranteed when Icelandic shipping companies had the shipments. Freight rates have not, on the other hand, decreased as a result, and Kjartansson said that he could not understand what the author of the article in VIKURFRETT meant with his statement.

### Customs Goes After Imports

Reykjavik MORGUNBLADID in Icelandic 26 Jul pp 48, 4

/Article: "Customs Officers Impound Goods From Rainbow Hope"

/Text/ Minister of Finance Albert Gudmundsson has decided that the garrison force at the Keflavik Airfield cannot in the future import raw meat for its own use, as it has done for almost four and one-half decades. Five frozen food containers, which arrived in Njardvik yesterday in the American cargo ship Rainbow Hope, were among a total of 75 containers which were impounded on the pier there for a day under the supervision of customs officers from Reykjavik and Keflavik. The prospect was for a while that the containers would be shipped back to the United States. The United States Ambassador in Reykjavik yesterday protested the actions of the Minister of Finance in the Ministry of Foreign Affairs.

MORGUNBLADID went to the Minister of Foreign Affairs in connection with the incident. Olafur Eigarsson, who now holds the office of ministerial chief there, explained that before him he had the legal opinion of Benedikt Sigurjonsson, former barrister at-law, the conclusions of which are that the meat shipments were without question legal.

The Minister of Finance thinks that the garrison forces does not have permission to import meat into Iceland and refers to a law of 1928 to prevent hoof-and-mouth

disease. He allowed the food to be delivered to the airfield around dinner time yesterday but said in an interview with MORGUNBLADID that in the future the garrison force would have to operate in accordance with Icelandic law, like others.

#### Garrison Force to Operate According to Icelandic Law

In the future the garrison force at the Keflavik Airfield will not be able to bring in fresh meat for its own use, as has been done in all the time since the defense agreement took force in 1951, according to what Albert Gudmundsson said in an interview with MORGUNBLADID yesterday. He said that according to the 1951 agreement bringing foodstuffs into Iceland other than those allowed by the 1928 Law To Protect Against Hoof-and-mouth Disease was prohibited. "Additions to the defense agreement make provision for the importation by the garrison force of suitable provisions and stores but the law of 1928 is not superceded by the defense agreement," said the minister.

Some 75 of the about 100 containers that arrived in Iceland yesterday aboard the United States cargo ship Rainbow Hope, among them 5 frozen food containers with foodstuffs, were held on the pier at Njardvik for most of yesterday. About 20 containers were examined before permission was given to move them from the harbor up to the airfield. They had to wait until around supper time when the impoundment was lifted at the order of the Minister of Finance. Measures were taken so that the containers were delivered to the Keflavik Airfield shortly before noon. The United States Ambassador in Reykjavik made a formal protest about the impoundment with the Ministry of Foreign Affairs.

"I will allow these foodstuffs to be delivered to the garrison force at this time since they came to Iceland in the belief that they would receive the same treatment as before," said Albert Gudmundsson. "It is clear, on the other hand, that law will have to be observed with all imports for the garrison force and while the law of 1928 is in force the garrison force may not bring fresh meat into the country." He said that the dispute on sailings by the United States shipping company Rainbow Navigation Inc had moved him to consider what rules in fact govern imports for the garrison force. "I am simply following these rules carefully before, I took the position that the garrison force could bring into the airfield such food as they needed. An Icelandic ship must be subject to a strict customs inspection whenever they come to port and an American ship must obey the same rules. They must deal correctly with Icelandic law in this connection just as we must follow American law on shipments to the garrison force. They must therefore expect that in the future there will be a careful examination of goods carried by such American ships just like others. Although they are being allowed to take the food into the airfield at present, on account of the fact that they came here with it in good faith, it will no longer be the case--and the military people will have to eat such food as we have raised."

The method used for examination of goods for the garrison force, according to Kristin Olafsson, customs chief, has been that the freight list of the American ship has been sent to the Icelandic authorities for approval after all goods have been delivered to the Keflavik Airfield. He said that the customs service

had received a clear order from the Minister of Finance that there was to be an examination of what was in every container of the ship that arrived yesterday. Magnus Armann, director of Gunnar Gudjonsson Partnership, agent of Rainbow Navigation Inc in Iceland, said that the normal train of events would be for the agent's company to receive a list of the goods on the ship. "When all goods had been delivered to the garrison force, the list was sent to the customs authorities for the district, sometimes 5 or 6 days later. A special customs examination did not take place other than in exceptional cases, after the goods had been delivered to the Keflavik Airfield," he said. The prospects were yesterday evening that the Rainbow Hope would be allowed to continue with its schedule and depart from Njardvik on its return voyage to the United States around noon. Spokesmen of the garrison force and United States information agency in Reykjavik would not give their views on the actions of the Minister of Finance other than that Dorothy Schmidt, garrison force press agent, said that an agreement was in force on the import of foodstuffs for the needs of the garrison force in accordance with the 1951 defense agreement.

#### Much Preparation By the Icelandic Customs Service

Substantial preparations had been made by the Icelandic Customs Service when the cargo ship Rainbow Hope docked in the Njardvik harbor shortly after noon yesterday. They had received orders from the Icelandic Minister of Finance to examine the ship and likewise to impound freezer containers loaded with foodstuffs. Reference was to a 1928 law on hoof-and-mouth disease, and according to it imports of raw meat are prohibited. This law, however, has not been applied hitherto and the garrison force has, in all the time since 1951, imported foodstuffs for its own use. In addition, customs inspections, as was the case yesterday, were very rare since it was the custom to move goods of the garrison force directly from the ship to the air base, into a so-called "customs holding." Members of the garrison force themselves carried out the customs inspection.

When the Rainbow Hope docked, customs agents from Keflavik and the Investigations Department of the Customs Service went on board. They first carried out the customary examination of the ship's cabins and seized a small quantity of alcohol found there. Subsequently the containers were landed. Initially 22 containers with vehicles were unloaded and after the customary search they were put on truck beds and sent to the Keflavik Airfield. Other containers, in all 75 container units, were unloaded onto the shore in order to carry out a careful examination.

Brynjolfus Karlsson, in charge of the Investigation Department force, the Zakarias Kjartansson, spokesman for the Keflavik Customs Service detachment, would say little about the reasons for what they were doing. Baldvin Magnusson, with the shipping broker Gunnar Gudjonsson, the agent for Rainbow Navigation Inc, said that there was no precedent for such actions and Olafur Olafsson, chief of the export company Surdurleid, responsible for moving the goods from the ship, agreed.

There was uncertainty until late in the day about what would happen, although the orders of the Minister of Finance on impoundment of the freezer containers



and the examination of them was clear. The containers were left on the shore with the intention that a customs examination of them would begin the next day. Around dinner time, however, the matter cleared up abruptly when the Minister of Finance decided to lift the impoundment.

#### Ministers Disagree on Customs Order

Reykjavik MORGUNBLADID in Icelandic 27 Jul 85 p 14

/Article: "Evaluation of Ministry of Foreign Affairs Rejected"/

/Text/ "The opinion referred to by the Ministry of Foreign Affairs in connection with the import of raw meat for the garrison force at the Keflavik Airfield has no validity in my eyes. It is the Icelandic Minister of Finance who has charge of customs, not the Minister of Foreign Affairs," said Albert Gudmundsson, minister of finance, in an interview with MORGUNBLADID yesterday. The opinion mentioned by the minister was drawn up by Benedikt Sigurjonsson, former barrister-at-law, for the Ministry of Foreign Affairs, which has charge of all matters concerning the garrison force.

The Agricultural Production Council demanded yesterday of Jon Helgasson, minister of justice and Ecclesiastical affairs and agriculture, that the meat that was shipped to the Keflavik Airfield yesterday evening should be destroyed on the spot if such imports are illegal. Jon Helgasson said in an interview with MORGUNBLADID that he would take the matter under advisement. He said that he had often discussed the matter with the Minister of Foreign Affairs and requested that the minister investigate whether or not it was possible to sell imported meat at the Keflavik Airfield. "There is a definite danger of disease in this that must be kept in mind," said Jon Helgasson. As to whether or not he was in favor of destroying the meat that arrived with the Rainbow Hope, the minister said: "This is one reason why I want to know the legal basis for the imports. Until that is clear I can say nothing."

Albert Gudmundsson said that nothing had yet emerged to indicate that meat imports for the garrison force are in accord with Icelandic law. "My lawyers, such highly qualified persons as for example Arni Kolbeinsson and Sigurgeir Jonsson, are in agreement that such imports are illegal," he said. "I think that no one, besides Benedikt Sigurjonsson, disagrees and Sigurjonsson's interpretations have proven wrong in the past. The gist of the matter is that the Americans must follow Icelandic laws just as we must follow their laws, when it is appropriate. If there is fresh meat in the next shipment on Rainbow Hope when it comes to Iceland, it will not leave the ship." He referred to the challenge of the Agricultural Production Council and said that it was his understanding that letters from the public were much of the same sort: "Our position in the Icelandic Ministry of Finance has made a very favorable impression. I discovered that clearly today," said the Minister of Finance.

The legal opinion of Benedikt Sigurjonsson, referred to by the Ministry of Foreign Affairs, is from August 1984. During 1976, Arni Kolbeinsson, present

ministerial chief for the Ministry of Fisheries, and Sigurgeir Jonsson, employee of the Ministry of Finance, agreed on an opinion on the import of meat by the garrison force, but the Ministry of Foreign Affairs and the Ministry of Finance disagreed in their opinions on the matter in connection with the dispute on the import of chickens to Iceland for others than the garrison force.

There has been no hoof-and-mouth disease in the United States for half a century, according to what Pall A. Palsson, chief veterinarian, said in an interview with MORGUNBLADID. "It may be said at present," said the chief veterinarian, "that the garrison force has shown much care in connection with its imports and that it is under continued close supervision. The garrison force's meat has not created problems in Iceland for 30 years or since the time that they began to boil all leftovers that are transported out of the airfield and used for pig food. It is another thing altogether that some of this meat is leaving the airfield, for example, going to garrison force personnel living outside the airfield. That has always been a problem."

According to the agreement between the Government of Iceland and the United States of 1974, all garrison force personnel must live within the airfield region.

The chief veterinarian said that in his view imports of raw meat for the garrison force taking place since 1951 have been illegal according to the law of 1928. "Efforts have been made frequently to stop the imports and I would be most happy if the imports were to cease completely. Only then would we be secure from the danger of bringing into Iceland foreign epizootics," said Pall Palsson.

It is anticipated that the Rainbow Hope will return to Iceland again on the 13-14 of August. It will not be clear until the beginning of next week whether or not there will be foodstuffs in the ship's cargo, according to what the Rainbow Navigation Inc agent said yesterday.

#### Foreign Minister Enters Case

Reykjavik MORGUNBLADID in Icelandic 27 Jul 85 p 48

/Article: "Fuller Customs Examination Than Has Been Customary Was Natural"

/Text/ "I thought it a natural measure to carry out a fuller customs examination than was customary when Rainbow Hope arrived in Njardvik on Thursday and that is in accord with what the Minister of Finance and I have discussed, said Icelandic Minister of Foreign Affairs Geir Hallgrimmson in an interview with MORGUNBLADID. He was asked his views on the actions of customs agents in Njarvik harbor in connection with the arrival of an American ship which was carrying goods for the garrison force.

On the other hand, the Minister of Foreign Affairs, said that it was true that the opinion of the Ministry of Foreign Affairs was different from that of the

Minister of Finance regarding the legality of garrison force imports in meat. The Minister of Foreign Affairs said that he has emphasized, regarding that aspect of the issue, the need for the Ministry of Foreign Affairs and the Ministry of Finance to understand the matter better before any other measures are taken so that they are carried out legally and the government has one and the same opinion on the subject; otherwise there will be differences. When Geir Hallgrimsson was asked about the solution to the Rainbow issue, he said that significant movement had taken place in the United States recently and that there would hopefully be something new to report soon.

Rainbow Hope sailed from Iceland last night and all the goods on the ship are now in the hands of receivers after a few hours delay on the pier in Njardvik. Albert Gudmundsson, minister of finance, said in MORGUNBLADID yesterday that he felt that the garrison force does not have permission to import meat to Iceland and referred to a law on Protection Against Hoof-and-mouth Disease from 1928. The Ministry of Foreign Affairs has referred to a legal opinion wherein it is stated that imports of meat for the garrison force are legal. These imports have gone on for 34 years, since the arrival of the garrison force in 1951.

9857

CSO: 3626/40

POLITICAL

ERRATUM: This article republished from  
JPRS-WER-85-064 of 7 August 1985 to  
place it under its proper category  
and country.

PORTUGAL

#### PRD OFFICIALS APPOINTED, STRATEGY DEFINED

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Jun 85 p 2

[Article by Maria Guiomar Lima]

[Excerpts] The Democratic Renewal Party [PRD] has elected new executive bodies and approved a motion on overall strategy that establishes guidelines for action up to the first quarter of 1986, which is when "it may add a new and decisive element--Ramalho Eanes--to its strategy." Until then, Herminio Martinho will continue to preside over the Executive Committee, Henrique de Barros will remain at the head of the Convention Steering Committee, and Vasco da Gama Fernandes will continue to head the National Council on Jurisdiction. Adelino da Palma Carlos will be a member of the National Advisory Council.

Also elected to the National Executive Committee were Ana Goncalves, Antonio Marques, Jr., Antonio Feu, Antonio Bandeira Bento, Carlos Lilaia, Jose Carlos de Vasconcelos, Jose Medeiros Ferreira, Jose Santos, Paulo Guedes de Campos, and Vasco Marques.

Besides Henrique de Barros, the members of the Convention Steering Committee are Roberto Amaral, Antonio Rodrigues Costa, Olimpio de Matos, and Maria Joao Caviilhas.

The National Council has 39 elected members in addition to others who are members by virtue of their office. The National Council on Jurisdiction is headed by Vasco da Gama Fernandes, as we already said, and has six other members. The Supervisory Committee is headed by Joao Figueiredo and consists of Daniel Amaral, Braga Barroso, Couto Moreira, Vitor Avila, Lopes Vieira, and Fausto Lima.

Citing reasons of health, Adelino da Palma Carlos declined the invitation to preside over the PRD Executive Committee, but he is a member of the National Advisory Council along with Joao Botequilha, Manuel Caetano, Jose Rabaca, and Luis Marques do Carmo.

Under the terms of article 28 of the PRD's bylaws, that council is an advisory body which expresses its opinion concerning the party's orientation as requested by the National Executive Committee. It consists of no fewer than 5 and no more than 15 members: "outstanding figures in national life who may or may not be members of the party."



## "Short-Term Outlook"

Of the 14 motions presented, those having reference to overall strategy or elections were replaced by a single motion submitted by the provisional National Executive Committee and approved by the delegates.

It is a lengthy 19-page text entitled "Motion on Overall Strategy." Divided into sections, it defines "the PRD's short-term strategic outlook," the current party-political situation, and the main political issues.

In the section on conditions and guiding principles for action, there is a discussion concerning "a new relationship with the members--a new way of being a party": the establishment and orientation of the PRD, participatory drafting of the party program, and a new mode of presence and action. Also defined is the strategy for the upcoming elections (legislative, local, and presidential), and there is one section entitled "The Final Phase of the President's Term of Office."

The document says: "The PRD intends to support, in the manner dictated by circumstances, and its executive bodies will evaluate, the action of the president of the republic during the final 6 months of his current term of office."

It recalls the restrictions imposed by the constitutional revision of 1982 and says that they "may place the president of the republic and the very functioning of the democratic institutions in a situation of dramatic political impasse if the Assembly of the Republic and the government do not reach agreement after 14 July."

## Immediate Legal Recognition

The newly elected Executive Committee has the job of obtaining "immediate legal recognition of the PRD" so that the party can participate in the upcoming elections." It must also promote basic work--"recruit militants and establish dialogue with other entities found to be in close agreement with its objectives"--but the legislative elections occupy a prominent position in the PRD's field of activity. The text as approved says that they, along with the local elections, are unquestionably the most important.

The motion also states, however, that the PRD "should not nominate any candidate in the presidential election." "Like the citizens they are," its members are free to support any candidate. As a group, the PRD may support "a candidate situated inside or outside its political area who does not support values, principles, and objectives incompatible with its own."

11798

CSO: 3542/202

POLITICAL

SPAIN

#### SPAIN SUPPORTS STEP-BY-STEP DEBT SOLUTION

FL051702 Mexico City NOTIMEX in Spanish 0105 GMT 4 Aug 85

[Text] Madrid, 3 Aug 85 (NOTIMEX)--According to reports received here, the Socialist International opposes Cuban President Fidel Castro's view that the Latin American foreign debt is unpayable. The solutions [to the debt problem] proposed to date by Peru, Venezuela, and Bolivia are beginning to worry the creditor nations greatly.

The Havana debt conference, which is studying the problems caused by the Latin American foreign debt, is being followed here with unusual interest.

Carlos Solchaga, minister of economy, finance, and commerce [as received], said today that Spain could serve as a bridge between debtor and creditor nations but that Spain could not unilaterally cancel the Latin American debt. He added it would be a mistake for any country to make a unilateral decision to repudiate its debt.

In liberal circles it is believed that the root of the debt problem must be sought in the inability of the debtor countries to earn enough foreign exchange to pay their debts and buy indispensable imported products. It is also believed that the needed readjustment of the economies of debtor nations includes solving the problem of an inflated, inefficient public sector. Some commentators say that reducing the size of the public sector will inevitably cause a drop in the standard of living of the peoples.

The Spanish Government believes it would be advisable to hold meetings of experts before discussing in public fora the problem of the debt.

President Felipe Gonzalez said recently that, in the end, debtor and creditor nations will have to sit down to negotiate technical aspects first. According to Felipe Gonzalez, when the technical aspects have been resolved, political dialogue will be easier.

According to certain analysts it is necessary to establish a new international economic order, but to do so the automatic cancellation of the Latin American foreign debt is not a requisite.

Although almost all experts agree that the North-South dialogue should continue. They acknowledge that distances are increasing geometrically.

Conservative journalistic circles reject the idea of creating a debtor club and consider immoral any cancelling of the foreign debt.

CSO: 3548/164

POLITICAL

SPAIN

BRIEFS

SPAIN'S ROLE, LATIN AMERICA--Madrid, 23 Aug (NOTIMEX)--Mercedes Rico, the Spanish Foreign Ministry's directress for Latin America, said here today that Spain can play a more important role in Central America without being paternalistic. This official, who will soon become the Spanish ambassador to Costa Rica, said that Spain's growing prestige in Latin America is due to the fact that Spain managed to come out of its underdeveloped status when the dictatorship of Francisco Franco ended. The present situation in Spain, where grave social problems have been resolved and democratic stability is strengthened every day, is mirrored in countries that are struggling for stability or seeking to defeat dictatorial regimes, she said. With regard to the proposal that Spain be the bridge between Latin America and Europe, Rico said Latin Americans can deal with us but maintain their own relations with the rest of the European countries. She acknowledged that the Spanish Government must avoid monopolizing: the Latin American consensus because this could result in a paternalism that would be absurd. Spanish Foreign Minister Francisco Fernandez Ordonez said here today that Spain must continue to be a member of NATO or the country could find itself isolated, with many problems. He said that membership in NATO means the possibility of being drawn into a war but this situation would not change if Spain decided to leave NATO. He said the policy the Spanish Government adopts regarding South Africa will reflect the policy of the other NATO members. [Text] [Mexico City NOTIMEX in Spanish 1930 GMT 23 Aug 85]

AMBASSADOR DIES--Juan Antonio Perez-Urruti y Maura, Spanish ambassador to Luxembourg, died of a heart attack while vacationing in southern Spain. [Summary] [Madrid EFE in Spanish 1336 GMT 23 Aug 85]

HUSAYN VISITS LANZAROTE--King Husayn of Jordan has arrived on the Spanish island of Lanzarote for a few days' rest. The Hashemite king, who arrived from Casablanca where he attended the Arab summit, is staying at a hotel on the island and his visit will conclude on Tuesday when he will return to Amman. [Text] [Madrid in Spanish to Europe 1000 GMT 10 Aug 85]

CSO: 3548/164

POLITICAL

SWEDEN

VPK CHAIRMAN WERNER COMMENTS ON ELECTION CAMPAIGN, PLATFORM

Stockholm DAGENS NYHETER in Swedish 12 Aug 85 p 8

[Article by Kaa Eneberg]

[Text] Botkyrka--If the Social Democrats continue to rule the country after the election with VPK [Communist Left Party] support, VPK leader Lars Werner wants to have "other forms of cooperation" with the Social Democrats.

But he is not thinking of asking for a cabinet position for his party.

That is what Lars Werner, leader of the Communist Left Party, had to say on Sunday when he kicked off the party's campaign in Botkyrka with a press conference and a speech. This took place in Hagelbygaard People's Park in Botkyrka where there was a family celebration with singer Pierre Strom and Jerry Williams, rock star and VPK activist, as the main attractions. Werner would not go into details about the form of cooperation he wanted in the future. He simply recalled the development of the party's role since Tage Erlander said in the days of the two-chamber Riksdag that "we will present our proposals and VPK can do what it wants to."

"That is a far cry from the regular conversations we held with the Social Democrats during the last election period," Lars Werner said at the press conference.

Tactical

"The nonsocialists are calling for the Social Democrats and VPK to issue a joint program in this campaign for tactical reasons. That is because they themselves are so divided although they pretend to be in agreement.

"How, for example, does Thorbjorn Falldin think he can phase out some nuclear energy together with Ulf Adelsohn who is opposed to the results of the popular referendum and Bengt Westerberg who can't make up his mind?

"How," continued Werner, obviously worked up, "can Falldin, who wants to lower food prices reach an agreement with Adelsohn who wants to raise milk prices by several kronor?



"I think the voters should be told about all this now."

#### Taxes

Werner was evasive about what the Social Democrats and VPK would be able to agree on.

"I have not talked with Olof Palme, but I hope to be able to present what we would do if we continue to have a joint majority in Riksdag next Sunday in Vaxjo."

Asked what the Social Democrats would like to accomplish, Werner replied:  
"Ask Palme."

But he added on a more serious note that "basically VPK disagrees with the government on economic policy."

In underprivileged Botkyrka, which is always being compared with wealthy Danderyd, Werner was careful to talk about the big differences in municipal taxes.

"It is unfair to have a difference of 6 kronor in municipal taxes in the Stockholm region where health care and traffic are pretty much the same."

6578

CSO: 3650/318

POLITICAL

SWEDEN

POLL FINDS INCREASING UNCERTAINTY AMONG YOUNG VOTERS

Stockholm DAGENS NYHETER in Swedish 12 Aug 85 p 9

[Article by Ake Ekdahl]

[Text] Around 355,000 voters will be eligible to vote in a Riksdag election for the first time this year. Around 290,000 (88 percent) will make use of their right to vote. The rest will not for one reason or another.

First-time voters as a group represent an important power factor that is attractive to party vote seekers. If they formed their own party first-time voters could come up with a Riksdag party almost as large as VPK [Communist Left Party] with 15-20 seats.

But in the voting booth young voters select parties in much the same way that older voters do. However there are some interesting differences.

A good many young voters select a party more on the basis of trends in society, group pressure from comrades, than out of political conviction or on the basis of issues. There is an unusually high degree of party switching among young voters under the age of 25. This instability among young voters has increased during the last 15 years.

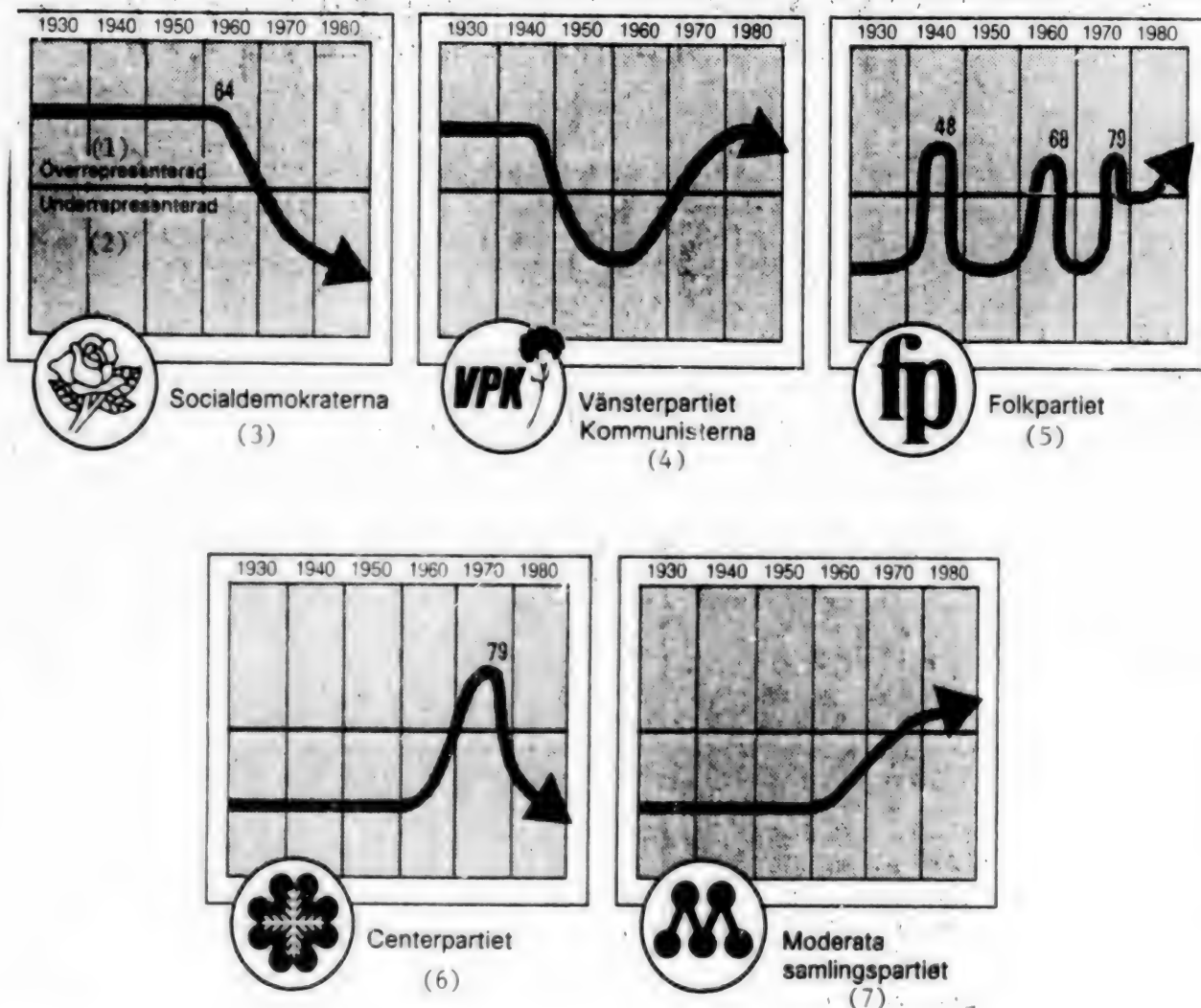
In this way the success of the Conservative Party among young voters today, especially students, is explained as a fad.

The political capriciousness of young people creates waves through the decades. We are in the middle of a so-called blue wave, we had a green wave in the 1970's and a red wave in the 1960's.

There have been long-term studies of how first-time voters cast their ballots.

Since the dawn of the universal franchise in the 1920's and right through the period between the wars the socialist parties had greater support among young people than among voters in general. The Conservative Party of that era consistently had weaker support among young people.

Soren Holmberg, a political scientist at Goteborg University, documented the connection between the age of voters and their choice of party in his election study from 1982.



With a few exceptions the Social Democrats and VPK have always had greater support among young voters than among voters in general. The situation has been the reverse for the nonsocialist parties. But mobility has risen sharply in the last 15 years among young people. Note that the curves refer only to the youth vote, not to the total number of votes.

Key:

- |                         |                       |
|-------------------------|-----------------------|
| 1. Overrepresented      | 5. Liberal Party      |
| 2. Underrepresented     | 6. Center Party       |
| 3. Social Democrats     | 7. Conservative Party |
| 4. Communist Left Party |                       |

## Young People in VPK

He showed that Social Democrats had stronger support among young people than among older voters from the 1920's until several decades later. The pattern was broken in the parliamentary elections in the 1960's and since 1973 the Social Democrats have had their strongest support from middle-aged and elderly voters.

In 1982 the Social Democrats did well in the election among first-time voters but opinion polls indicate a loss of trust on the part of young voters once again.

The communists have attracted young people all along. During the Cold War period in the 1950's and early 1960's young people defected but they came back in the red wave and during the 1970's and 1980's VPK has been stronger among young people than among other age groups. Polls in recent years have indicated a loss of youth votes once again.

The Center Party had its youth wave in the early 1970's. For three elections the party rode the crest of the green wave and the fight against nuclear power which gave the Center Party strong support among young people. In general the party has done best among middle-aged and older voters.

## Great Strides

The present and former Conservative parties have always had weak support among young voters. The break in this trend came in the 1979 and 1982 elections when the party got almost the same ratio of votes from young and older voters.

According to the opinion polls the Conservatives are making great strides among young voters as this year's election approaches. They are doing especially well among students. The Conservatives are as strong as Social Democrats, around 40 percent, among first-time voters and some polls have given the Conservatives 58 percent of the youth vote.

The Liberal Party has had an inconsistent trend among young people. Like the two other nonsocialist parties the party has not seemed very attractive to young people. But on three occasions the Liberal Party has done well among the group of young voters, in the 1948 victory election with Bertil Ohlin, in the 1968 "straw-hat" election under the slogan "Vote Young," and in the unsuccessful 1979 election after the reign of the Ullsten government. There is now a weak upward trend for the party among first-time voters as we approach the fall election.

## Bandwagon

The measurable mobility that is found among voters in any election is reinforced by the fact that first-time voters have a tendency to jump on the bandwagon. The Liberal Party's victory election in 1948, the gains made by



the Center Party and VPK in the early 1970's and the Conservative success predicted for this election are all examples of this. But there are also elections that show the opposite effect. The victorious Social Democratic election in 1968 was not a success among young people. On the other hand the Liberal Party's catastrophic election results in 1979 ran counter to strong support for the party among young people.

SIFO [Swedish Institute for Public Opinion Polls] chief Hans Zetterberg has explained the various political waves among young people as indicators of international opinion trends. At the end of the 1970's strong public support for a market economy emerged and as a result of this the communists' share of the youth vote shrank from 13 to 5 percent in the 1980's. The decline is especially pronounced among students. In 1981 VPK had the support of a fifth of the student population, 19 percent, but in 1984 the figure had fallen to 4 percent.

The trends of the decade can be found in the universities like geological strata, Zetterberg said. The Marxists of the 1960's have become teachers while the new students lean strongly toward a market economy, sometimes with neomoralistic overtones.

#### Biggest

The ratio of Social Democrats among students has declined from 48 percent in 1970 to 20 percent today. The ratio of Conservatives in the same period rose from 11 to 58 percent.

There is a similar shift, though less strong, among young people who have jobs.

Trends, peer pressure and the international political situation are part of the explanation of why first-time voters switch sympathies from one political party to another.

#### Great Uncertainty

Uncertainty about which party to choose has also risen sharply among young voters. According to the Foundation for Opinion Analysis a quarter of all young men and more than a third of the young women are uncertain as this year's election draws near. In a similar survey before the 1982 election only 13-14 percent of the young people questioned had doubts about which party to vote for. Broken promises, dashed illusions, continued high unemployment among young people, the economic problems of families with young children and childcare concerns are cited as explanations for the uncertainty.

The result could also be less interest in party politics among young people and in the final stage this could lead to a larger number of nonvoters. The answer to this question will become apparent on 15 September when all Swedes 18 or older on that day will have a chance to indicate their party preferences.

MILITARY

DENMARK

## CIVIL PREPAREDNESS CRITICIZED FOR WAR CRISIS PLANNING

### Civilian, Military Conflicts In War

Copenhagen INFORMATION in Danish 27-28 Jul 85 p 4

[Article by Kim Hundevadt and Tune Nyborg: "Order In Chaos (4): 'Fighting Forces Have Priority...'" ]

[Text] In crisis and war, the military and the civilian population can come to compete keenly for scarce resources. In theory, decisions are weighed on a case-by-case basis but in practice, things may prove to be a bit more heavy-handed.

Who will be the first one on the operating table, the injured housewife or the badly wounded soldier? Who should have priority use of the highways, the fleeing family or the infantryman on his way to the front?

In theory these types of decisions are left up to [individual] judgment in specific cases. A number of civil servants and politicians are accordingly designated beforehand to ensure that "the military's need for resources is weighed against the minimum required for civilian existence," as it is expressed in the "Memorandum on Civil Preparedness in the 80's" issued by the Civil Defense Office.

Civil preparedness serves two masters. On the one hand, the civilian population needs to have allotted to it resources adequate to assure survival.

On the other hand, the military cannot fight effectively without drawing on civilian society's resources. The two considerations should be weighed against each other. But in many instances the weighing has occurred beforehand -- in such a way that the military during peacetime has already assured for itself the freedom of action.

If the Third World War suddenly seems to be near, there will be a crush at Danish railroad stations. Everywhere people will stand in line to go home to their families. At the same time thousands of reservists in the military and civil defense will swarm around.

If the crush becomes so great there is not enough space for everyone in the trains, the old proverb about "first come, first served" will no longer

apply. Even today, in all the country's railroad stations, there are instructions which specify that all soldiers and people from civil defense on their way to barracks have priority.

If the order comes, upwards of 50,000 Danes are to hand over their cars to the military and civilian segments of the all-out defense. This conscription of motor vehicles takes place in accordance with a 1939 law which is uncommonly clear in its formulation: "The fighting forces have priority in distributions," reads the law's paragraph 9, section 1.

Should it become necessary to evacuate the civilian population from threatened areas in a future war, the army will have great influence in the way things are done:

"Each military chief can order immediate evacuation. (...) The military regional chief will designate those roads and areas which cannot be used for the purposes of evacuation owing to military reasons," reads the cooperative agreement between civil defense and the defense force.

Erik Schultz, who was then civil defense director, spoke very directly when he delivered a talk about civil preparedness in 1981 to the NATO Defense College in Rome:

"Undisciplined and panic-stricken masses of refugees on the roads can lead to a military collapse at the front. For this reason it is important for the civil authorities to maintain their 'stay put' strategy which is now official NATO policy."

In other words, the wish of the civilian population to be secure can be disregarded in favor of the defense force's wish for freedom to operate.

#### Military Monopoly

"There is general agreement that the minimum required for civilian existence must be ensured," said Michael Elmquish of the Civil Defense Office's Office of Civilian Preparedness.

"But then there would be a curious all-out defense if we did not look after helping the military as well. But we always tell the defense force that they cannot automatically count on having priority," he continued.

Peace researcher Jan Oberg is one of the few people to have dealt critically with civilian preparedness. He does not believe that there will be talk of a genuine weighing of civilian and military interests:

"The military has obtained a monopoly over the waging of war, and they will also appropriate all resources."

But there will be people who will sit and assign priorities to the different needs?

"You can forget all about that. It will not happen that someone will sit and say: the civilian population can get three cars here, so the military will get the motorcycles that remain. This is completely deceptive unless we are talking about a smaller conventional war," Jan Oberg believes.

#### Shoulder to Shoulder

Civil preparedness is deeply rooted in thinking about all-out defense. The military and civilian segments in society will stand shoulder to shoulder to repel the enemy.

A well functioning transportation network is one of the decisive prerequisites if efforts are to succeed. If the transportation network collapses, soldiers will not get to the front and neither soldiers nor civilians will obtain supplies of ammunition, foodstuffs, fuel, etc.

In other words, transportation is an important linchpin in society and for this reason transportation preparedness is one of those areas within civilian preparedness for which plans are the furthest advanced.

In the area of transport as well, in many instances the decision has been made to give the military the freedom of action over some parts of civilian society's resources.

The entire Danish merchant fleet would come under the command of the civil-military navigation commission, which NATO's Defense Shipping Authority is in charge of.

The navigation commission would immediately take over the right to use the approximately 50 Danish merchant vessels which have been chosen to ship American troop reinforcements and equipment across the Atlantic. Most of the ships will sail in advance along the American east coast.

Two civilian planes, a DC8 and a DC10, will also be used for NATO reinforcements. Here however there is no shortage of materiel. Out of more than 80 Danish passenger planes only 10 will be used in an all-out defense.

A special transportation council will weigh civilian and military needs for roads, harbors and railways. The transportation council sits together with the government in one of the two refugee installations for the central administration in Oplev and Hellebaek. Reporting to it are transportation chiefs in each of the seven civilian regions who will solve more routine problems.

The regional transportation chief will coordinate efforts to keep roads open as long as possible during a war. He also decides how the 200-300 trucks and the number of contractors' machines he controls will first be put to use.

#### Demand for Resources

The transportation council is not the only body in which the civilian and



military views could conceivably clash. Scarcity is predicted in, for example, energy, hospitals and phone preparedness as well, and there would therefore be a demand for resources.

It is unclear who would utilize Danish supplies of oil which are equivalent to 125 days' consumption. Consumers have paid for the supplies through the price of oil, but the extent to which private car driving would be permitted in a crisis is doubtful.

"The way oil supplies can be used is confidential. I cannot speak about it," said department head Flemming Secher of the Energy Board. And there are not any others who will, either.

On the other hand, in accordance with the "Law of Logistical Organization," the Industry Ministry has very far-reaching authority to control all Danish supplies of goods, everything from crude oil to canned goods.

In a shortage situation, the ministry, if need be in consultation with a parliamentary committee, can decide to what extent resources will be used by the military or by a special section of the civilian population.

On the subject of hospitals, planners estimate that only the sickest quarter of patients will be permitted to stay. The rest will be discharged for treatment by their own doctor in order to create bed space for badly wounded soldiers and civilians.

It is up to a doctor to decide whether the housewife or the soldier will get treated first, but the defense force can call up that number of civilian doctors they would need.

#### Power and Right

"Even in those situations where there is a decision as to who will get priority, I do not doubt that it will be the military which will emerge victorious," said Jens Thoft, a member of Parliament and a Socialist People's Party member of the Defense Committee.

"The military will always get priority if only because the one who has power and guns also gets the right. Besides, the Civil Defense and civilian preparedness are just appendages of the military. That is why they have received very small appropriations for many years."

"But planning rests on a totally unrealistic basis which has been taken over from the defense force. For that reason we concentrate on preparedness stocks and shelters instead of grappling with the root of the evil and working for a different security policy."

"Those who work on civilian preparedness ought to be the first to work solidly for detente instead of increased armament. But they can't, because they are inextricably tied to the military's points of view," Jens Thoft believes.

Michael Elmquist of the Civil Defense Office does not think it is his job to change the defense force's threatening picture, which he finds both realistic and satisfactory.

He also believes that a close collaboration between military and civilian preparedness is a guarantee that civilian needs will be taken into consideration.

"If we were not there, the military could run away with the whole thing. But the fact that we have civilian preparedness means that we can say 'stop' -- which in this connection will be used civilly."

And you would also say so in practice?

"Yes indeed. That is our job. Frequently there is not even talk of an either-or but about who has the most urgent need for, for example, a truck right at the moment. That weighing will take place each and every time."

(Kim Hundevadt and Tune Nyborg are free-lance journalists, Press Office, Aarhus. Previous articles in this series appeared on July 6, 13 and 20.)

#### Telephone System Plans

Copenhagen INFORMATION in Danish 27-28 Jul 85 p 4

[Article by Kim Hundevadt and Tune Nyborg: "Telephone Dies Before War Comes"]

[Text] The telephones of ordinary people will be among the first victims of a future war in Denmark. The entire telephone network is so arranged that 97 percent of subscribers can be cut off immediately in a war situation.

"The decision to cut off telephone traffic is a very grave restriction on the civilian population. But the point of view is that it is better for a few to get through than for none to get through," said Gunnar Frank, telegraph inspector in the Post and Telegraph's Teletraffic Service.

On the third of NATO's preparedness steps, "simple alert," the right to control the entire Danish telephone and telex network is transferred to an organ by the name of NALLA-Denmark. This stands for National Long Lines Agency.

NALLA's headquarters are at the Post and Telegraph Office in Tastrup, and in a crisis it would be run by a committee consisting of two officers from the defense force and NATO respectively, of two representatives of the Post and Telegraph, and one individual from the Civil Defense Office.

From a bunker on Zealand or from a reserve bunker on Jutland, the committee will run things so the telephone network will function as long as possible during a crisis or a war. The committee will decide at the same time who has priority to use the telephone and telegraph.

The entire Danish telephone system is ready so that, in a crisis, NALLA can give orders to shut off the whole network or part of it.

An A order gives an exclusive group of subscribers the "right of way" to get a dial tone on the telephone. If this is not sufficient, the B order will go into effect. This means that between 95 and 97 percent of the country's telephones cannot make out-going calls. However subscribers can still receive calls from a privileged telephone.

Among the lucky 3-5 percent would be the telephones of the military and privileged phones of hospitals, police stations, ministries, government and city offices, the Post and Telegraph System, together with the country's many refugee bunkers and central command posts.

Furthermore all phone booths on the street will be open. Partly to give the civilian population a certain chance to phone, partly because they will be used as reporting posts for the defense force.

The same system with privileged subscribers would also exist for the telex network. However, DATEX, the official data transmission network, and mobile telephones are not yet connected to it. But they soon will be, when resources for this purpose become available.

Up until 1 August 1975 NALLA was an entirely military enterprise and as of today Denmark is the only NATO country to have put its NALLA headquarters under civilian control.

This took place because, in contrast to their colleagues in other NATO countries, the Danish military does not have its own independent telephone network. The defense force has however paid for a number of sealed circuits to which they have the exclusive right and which can be used during exercises or a war.

NALLA does not appear in the phone book, and its headquarters, by and large, does not advertise its existence.

"There are things which ought not to be 100 percent publicly known, even if it might not be said that they are decidedly secret," said Bent Hoier, who is the duty chief of the 7-8-man headquarters in Tastrup.

#### Growing Vulnerability Of Society

Copenhagen INFORMATION in Danish 3-4 Aug 85 P 4

[Article by Tune Nyborg and Kim Hundevadt: "Order In Chaos (5): Modern Society Not Suited For War"]

[Text] While nuclear arsenals grow, society's vulnerability becomes increasingly greater. Planners nevertheless expect that Denmark, with its worked out civilian preparedness, can survive a nuclear war. This is ludicrous, critics of civilian war planning think.

All war planning in Denmark -- in both the civilian and the military sectors -- rests on an overall picture of how a future European war would proceed. The

author of this official threatening picture is the Defense Force's Information Service.

In succinct terms, the threatening picture goes on to say that a war in Denmark will be fought principally with conventional weapons. However this does not preclude the use of individual nuclear bombs and chemical weapons in the course of the war.

"The Defense Force's threatening picture is quite simply all backwards," says Jens Thoft (Socialist People's Party), a member of the Parliament's defense committee.

"It is just like physics reports in school: we knew beforehand what the result had to be and so we fiddled with the final results until they came out that way. Similarly the Defense Forces have worked out exactly the threat which civil and military defense can manage with somewhat higher allocations than the ones they are getting today."

"Consequently we trivialize the risk of nuclear and chemical war, because in this connection the fire-breathing Danish military can't do anything whatsoever. If the defense forces were to be able to wage a nuclear war, it would require much more money, and they know only too well they won't get it," he said.

"The result is that civil preparedness rests on a ludicrous threatening picture. If there is a war in Europe, it is beyond doubt that it will immediately escalate into nuclear war. There are not enough Geiger counters to measure the radioactive fallout."

"The least that could be done was still to make an effort to present a realistic threatening picture, that isn't possible owing to the connection to the military."

"Instead of concentrating on preparedness stocks and shelters, civil preparedness and Civil Defense ought to have worked for another security policy which aimed extensively at detente," Jens Thoft said.

One of the most important defenders of improved civilian preparedness in Denmark is Henning Rasmussen, former Social Democratic Interior Minister. He does not share Jens Thoft's pessimism.

"I don't think that his point of view is tenable. Quite simply, it is not realistic for Denmark to be so covered over with nuclear bombs that we could just as well lie down to die right away."

"A war can proceed in hundreds of different ways, from a smaller conventional war of 2-3 days duration to a really big catastrophe. It is unlikely that war will take that completely mad course and we will plan for all other situations."

"If we assume that a future war will look somewhat like the threatening picture, then the activity of civil preparedness will also serve a purpose in the sense that people will be saved who otherwise would die."



"However if the threatening picture does not hold up, then the world will collapse just the same. If we believed that, there would be no reason to spend money on the military, civil defense or civil preparedness."

"But I believe it will be unpardonable to base policy and preparedness on the assumption that the world is crazy," Henning Rasmussen said.

#### Electromagnetic impulse destruction

But even if the threatening picture is realistic and a future war in Europe will only involve limited use of nuclear weapons, it is doubtful whether Danish society can survive.

Centralization, a dependency on foreign raw materials, and the forward march of the computer have made society staggeringly vulnerable. And this increasing vulnerability stands in sharp contrast to the increasing destructive power in nuclear arsenals.

If, for example, the Soviet Union in a future war should choose to explode a 1-megaton nuclear bomb in the air 100 km over Hamburg, there would be catastrophic consequences for all of society.

Problems will not come in the form of caved in buildings, human radiation injuries or whatever is connected to the word nuclear war.

Misery will come from millions of small but destructive "bolts of lightning" which will strike electricity poles, telephone cables and the data transmission network. The phenomenon is called electromagnetic pulse, commonly called EMP, and in a given instance it will destroy most of the electrical installations we surround ourselves with: radio and television sets, telephones, refrigerators, light bulbs and last but not least society's central nervous system, computers.

EMP can destroy and create chaos at a distance of more than 1,000 km. We have become so vulnerable.

#### Achille's Heel

Electromagnetic pulse is but one part of the problem which omnipresent electronics pose for civil preparedness planners. For example, in an international crisis if we become cut off from our trading partners we will rapidly lack spare parts for that host of machines which is almost exclusively foreign.

In Sweden there is even talk in official leaflets about the "electronic Achille's heel." The executive office for Economic Defense has said that in this connection Sweden is being confronted with the most important and most severe problem for Swedish preparedness.

Without computers the monetary system, government and large segments of industry collapse. Similarly railways, airports, hospitals and a number of other vital areas would experience serious difficulties. From a security point of view, the forward march of the computer is next to being a catastrophe.

But electronics is only one aspect of vulnerability.

Denmark is becoming more and more dependent on raw materials and finished products from abroad. A study by the Packaging Institute, for example, states that 100 percent of the country's consumption of packaging is imported. This includes everything from beer bottles to plastic wrap and cardboard cartons.

The trend of power plants, refineries, dairies, fresh produce terminals, etc. to merge into huge units throws the vulnerability of Danish society into further relief.

A single successful act of sabotage against the main plant at Egtved would effectively put a halt to the supply of Danish natural gas.

Business activity and the government have clustered in regional centers and turned the larger cities into tempting bombing targets for an enemy wanting to paralyze the life of society.

#### Need to Review

"There are certain new investments society makes that we are distressed about. For example if Parliament decides to build a bridge over the Great Belt, then we lose ferries which can become an important resource in a crisis and a war," said Michael Elmquist, a department head in the Civil Defense Office.

"But in that type of matter, important societal interests often swing in another direction. We cannot stop development. Instead we must adapt as society becomes more vulnerable even if this naturally does not make planning easier," he said.

Michael Elmquist would like to have the same role for himself and his co-workers as do his colleagues in Norway and Sweden. In those countries experts within civil preparedness give an opinion on each and every major societal investment before it is implemented.

"In many instances we would like to be able to point to a single detail which would significantly benefit civil preparedness," he said.

Peace researcher Jan Oberg does not think that a need to review is adequate, given today's situation.

"In the first instance, discussion is rather about obtaining offensive weapons, which make society even more vulnerable. Furthermore, I am entirely of the opinion that we should not only look at whether a project can pay for itself when we are planning but also whether it increases or decreases vulnerability," Jan Oberg said.

"At the moment there is a huge disproportion between the destructive force of weapons and the vulnerability of society. This means that it is impossible to wage war. The needed machinery of society collapses."

"For this reason it is a terribly dangerous thing to think that we can protect the population and society against a nuclear war. It is immoral to make people

believe that it can be done. Instead civil defense should join with the peace movements to demand the removal of nuclear weapons," Jan Oberg said.

The problem of society's vulnerability in a war was summarized in this manner by head clerk Borge Irgens-Moller, who works on a daily basis on civil preparedness in the Civil Defense Office:

"Modern society is not suited for war. The more we develop technologically the more vulnerable we become. We should just hope that in every country people will recognize that little by little this increased vulnerability is making it practically impossible to wage a war."

[Tune Nyborg and Kim Hundevadt are free-lance journalists. Previous articles in this series appeared on July 6, 13, 20 and 27.]

#### Food Sector Also Vulnerable

Copenhagen INFORMATION in Danish 3-4 Aug 85 p 4

[Article by Tune Nyborg and Kim Hundevadt: "Milking Machines With Strategic Significance"]

[Text] Food and drink is an area in which civilian Denmark stands quite well prepared for a war which might take place. Danish agriculture produces far more foodstuffs than Danes themselves can consume.

Despite this, in the foodstuffs sector we may observe the great vulnerability of society.

Two small details with great significance are the supply of electricity and water for agriculture. Without electricity milking machines are worthless. Unmilked cows will get inflammations and extreme pains in their distended udders. Manual milking is unrealistic. Experienced labor is lacking and the cows are unused to it.

Fresh water can become another big problem. After radioactive fallout surface water becomes unusable and if there is a power failure well water will be brought in manually.

"A cow needs a minimum of 20 liters of water to survive. It can become a massive problem to get enough water on a farm with 60 or 80 cows," said Vibeke Dantzer of the National Agriculture College.

"As a last resort it could become necessary to slaughter the animals. But what could be done with the dead animals? They need to be buried rapidly, but even then there is the risk they would spread infection throughout the ground water," she continued.

Head clerk Carsten Fausboll, who has worked on foodstuffs preparedness for the Civil Defense Office, added:

"The biggest problem in a war is still how we will eat our way through all the animals which may need to be slaughtered. We are doing research and we plan, but no one can predict if one little thing can upset the whole apple cart," Carsten Fausboll said.

The distribution of foodstuffs is another vulnerable point. When the two fresh produce terminals in Thystrup in Lower Jutland and in Slagelse get up to full operational force, they will deliver upwards of one-half of the country's fresh produce. Bombing and sabotage can easily put these two terminals out of commission.

And if transportation between parts of the country collapses, the population east of the Great Belt can look forward to a somewhat uniform diet. They would have major amounts of pork, wheat flour and sugar. On the other hand they would suffer a serious shortage of, among other things, vegetables and, not the least of all, dairy products.

Packing is yet another weak link in the food chain. We buy most of it abroad and the meager domestic production is almost 100 percent dependent on the importation of raw materials.

Despite all of this, Danish foodstuffs preparedness planners have an easy job compared to many of their foreign counterparts. Yet all the same they must cope with a vulnerability which is growing and growing.

If we pull through and get through a war without starving, this is nevertheless not adequate in the larger international perspective.

"It is doing one's share to deliver the necessities of life to our allies in order to win a war. This means that something as innocent as the supply of emergency power for milking machines can have strategic significance for NATO. There is no doubt about it," said Carsten Fausboll of the Civil Defense Office.

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CSO: 3613/186



MILITARY

DENMARK

# HOME GUARD HOPES TO BETTER ENSURE MENTAL STABILITY OF RECRUITS

Copenhagen BERLINGSKE TIDENDE in Danish 12 Aug 85 p 5

[Article by Nils Eric Boesgaard: "More Stringent Control Of Home Guard Members"]

[Text] Careful screening of applicants will ensure that Home Guard members are stable and reliable. "It is impossible to avoid that isolated instance of violence with an issued weapon," said General R. Gottlieb, the head of the Home Guard.

The question of the defensibility of having members of the Home Guard keep their weapons at home has become of immediate importance after a highly intoxicated Home Guardsman in Handerslev threatened some refugees with his gun.

There is no one who regrets such an episode more than the leadership of the Home Guard. It is almost impossible to predict events such as this one, but in the last few years, the Home Guard has made its enlistment criteria more rigorous so as to avoid admitting psychologically unstable persons into the force who would commit crimes with weapons issued to them.

"There are fairly definite procedures for enlistment," General R. Gottlieb, chief of the Home Guard, told BERLINGSKE TIDENDE.

"As far back as 1984 we issued what we call an 'encyclical' to all company chiefs. In this letter we drew up a long series of conditions, first and foremost the rules now in force for making distinctions with regard to enlistment."

"We have pointed out a number of ways of ensuring that no further episodes occur. For example, that chiefs be very observant of the men they have in their company. We have asked them to be observant of the personal development of members in case there should be psychological problems. We would arrange to talk with the man concerned and if need be we would place his weapon in storage for a while until the crisis was past."

"As things stand, before enlisting in the Home Guard, a man must fill out and send in an application. We have a rule that the applicant, after having filled out the application, is called in for a personal interview with the chief of the unit in which he is to do service or in whose area he will serve."

"The aim of this meeting is partly to give the chief an impression of the man, partly to make clear what the Home Guard expects of him. Not infrequently this results in the applicant realizing that there is still nothing for him in it, or in the chief in question says: 'I really don't think there's anything in it for you.'"

"But in most cases the two reach agreement that there is some future in the application's being formally sent in," the general said, and he continued:

"It is now handled by a district committee which evaluates the applicant according to those criteria which are established by law. Partly an assessment of worthiness, partly an evaluation of the man's health and finally the extent to which it is defensible for the man to have arms and ammunition. The decision of the district committee cannot be appealed and no reason for it need be given. On the average, 8 percent of applicants are turned down."

"The district committees are established independent of the Home Guard and each one is composed of a chairman and four members. The chairman is designated by the Defense Minister upon recommendation by the Commissioners of the Home Guard, while the four members are chosen by the National Federation of Towns. The committees have certain ways of examining the applicant. If he was liable for military service, they can have delivered, if need be, an excerpt from the military criminal record. They can also obtain an extract from the civil criminal records, but there are certain limitations. This has to do with the law regulating records and who has access to certain records."

#### Holes in System

"We have access to criminal records, out of which we can form an opinion, but, for example, we do not have any access to criminal investigation records. It is obvious that this creates a hole in the system," General Gottlieb observed, "because if a suit is pending against an applicant we are excluded from seeing it. Similarly if after 5 years a case is stricken from the records, we do not get to learn about that either."

"We realize there are holes in the system. At the moment we are trying to see if we can improve the background of the district committees so as to obtain information, and in this regard we have worked out a recommendation to the ministry. At the moment it is being handled somewhere between the Defense and the Justice Ministries."

"One of our arguments is that if there is a situation in which there is doubt as to whether a person should be issued arms, we ought to be able to go a bit further."

"Whereas generally speaking in court cases we say that doubt will benefit the accused, our basic principle is that in such instances doubt will benefit society."

"If we do not feel that it is defensible to enlist a man, with the concomitant obligation to maintain arms and ammunition, then we do not do so," the general said.

"I do not believe that those cases which have been pending would have looked significantly different even if we had had better means. If we take the case at hand from Haderslev, there is nothing which indicated that the man involved would misbehave. But things break down for him because of his inebriation and there are not the slightest grounds for believing that other yet stricter enlistment qualifications would have altered the case any."

#### Statistics

Members of the Home Guard account for a very small percentage of violent criminals. According to a study conducted by the forensic medicine department of the University of Odense covering the 10-year period from 1970 to 1980, members of the Home Guard and arms of the Home Guard were involved in approximately 4 percent of deaths caused by shooting during the period studied. This corresponds to approximately 3 murders. In this connection it may be pointed out that hunting weapons account for 55 percent of deaths caused by shooting, the general said, and he concluded:

"No impartial statistics exist for the last 5 years, but we have kept track of developments ourselves, and in any event the figure is not higher, so the presumption of a sharp rise is not true. Quite the contrary: we come in at well under 4 percent."

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CSO: 3613/186

MILITARY

FEDERAL REPUBLIC OF GERMANY

MOBILE BACKUP DEPOTS URGED FOR BALTIC APPROACHES SECURITY

Herford MARINE FORUM in German Jun 85 pp 200-203

[Article by Hans Frank: "New Courses for the Defense of the Baltic Sea Approaches? Reflections on the Weighting of the Missions in the Baltic Sea and North Sea"]

[Text] In the following article, the author presents his personal opinions. In this connection, reference is made to [this publication's] masthead, which states, among other things: "Articles accompanied by the name or initials of the writer do not always reflect the views of the editorial staff." To this should be added: likewise not always the views of official agencies.

Variegated and broad reflections and discussions, also in connection with mobilization planning, give rise to concerns that the missions in the Baltic and the North Sea, thus far viewed as equivalent, will be changed in favor of the northern flank area. This should be clearly warned against, for--despite the recognized need for securing the resupply of materiel and personnel--what good is secure resupply if in the meantime the territory to be supported has been lost.

And yet it appears appropriate, in light of the changed threat and the reduction of our forces at a time when the combat strength potential in East and West is increasing, to examine the Baltic Sea approaches scenario with the armed forces available for operations there, and if appropriate seek new ways for the defense of this strategic key area which is so extraordinarily significant for all of Central Europe. The following reflections are intended to serve as an introduction to this.

While the first part concerns itself with general questions regarding operations, an attempt will be made in the second part to come up with a solution for the logistical support of fast patrol boat squadrons.

The Soviet military strategy is designed for rapid and sweeping offensives, both to underrun the consultation mechanism of the Atlantic alliance and to destroy the political cohesion of the alliance through rapid military successes.



It must be assumed that initial attacks, conducted with great force and intensity, will be directed against selected key positions. The Baltic Sea approaches are such a key position, not because the Warsaw Pact urgently needs this entrance to the Atlantic already in the first phases of a war, but because from this position the Central European front can be outflanked and the occupation of southern Norway and Great Britain is within easy reach.

In this connection, particular attention should be given to the anticipated political effect on these alliance partners whose troops are stationed under the FRG-GDR border and whose territories are now at the mercy, nearly unprotected, of the grasp from the East.

#### Key Area Baltic Sea Approaches

The possibilities for the Warsaw Pact to take over the key area "Baltic Sea approaches" are manifold and--in keeping with the nature of maritime operations--hard to predetermine.

Aside from the classical attack via the central Baltic Sea, operations from the Arctic Ocean, either by themselves or supplementing others, are conceivable. The force shifts within the Baltic Sea and Northern Sea Fleets required for this purpose can be carried out quickly and relatively undetected via the Soviet canal system.

The Soviet interest in Sweden, as evidenced by their submarine operations, also makes an offensive through southern Sweden as an encirclement operation conceivable.

For us as the defenders this means, among other things:

--Flexibility and forward defense as basic principles of Allied pact strategy continue to have unqualified validity and above all for maritime operations. Forward, in this context, cannot be one-sidedly defined as the side which happens to be located opposite the enemy, but from the maritime viewpoint should mean all points where the enemy could take the initiative against the territory of the alliance.

--The conceptual model of a "Battle of Moen" can thus not be the sole option for action. The flexibility of one's own measures and thus also the operational spectrum of one's own weapons must be all the larger the more uncertain the predictions are relative to the enemy courses of action. Only with this necessary flexibility can the initiative urgently needed for an effective defense be regained.

All large-scale operations of movement of modern warfare designed to bring about a quick decision run their course in a matter of days. The defender must, therefore, aside from being able to "weather" the first attacks, have the capability to act immediately and concertedly, and to sustain his actions with great intensity over a limited period of time.

From this, in turn, it follows that one's own forces should be

- steadfast [under stress],
- mobile,
- operationally ready at all times in the entire operating area,
- capable of coordinated and concentrated combat.

It is a further consequence of this that--from the standpoint of definitions--we should be talking not so much of North and Baltic Sea objectives but rather that the definition must be oriented to the objectives, i.e., naval forces are needed that

- repulse enemy forces (defense forces or repulse forces),
- keep friendly supply lines open (security forces or control forces).

#### Area Coverage

Since, as pointed out, the direction of an attack via the sea is not only difficult to determine but can also be changed on short notice, the repulse forces must be able to cover the entire area of the Baltic Sea approaches, while the control forces must be capable of operating on supply routes in the North Sea and adjacent waters.

Common to both is the need to combine the operationally available individual effective elements in as coordinated and concentrated a manner as possible, so as to attain optimum effectiveness in combined arms operations.

This logic of functional separation becomes particularly clear in the mine forces. While mine defense can clearly be attributed to the control forces, minelaying serves for defense against attacks.

Both parts, however, must be suited for use as instruments of crisis management, since here it is a question of making the political will of the FRG and the alliance clear through the broad spectrum of maritime courses of action. This course of actions spectrum becomes all the greater for the fleet commander--and the desired effect on the opposing side therefore all the more impressive and at the same time more credible--the more the available naval forces in the entire area of operations are unreservedly employable, combat-ready, and combat-capable.

While in the security [control] forces the notion of combined arms combat has gained acceptance from mobilization planning all the way to the tactical sector, it is more a contrary tendency that prevails in the repulse forces sector.

At this time, the forces available for this mission consist of:

- Submarines,
- Minelayers,
- Fighter-bombers,
- Fast patrol boats.

To be added to this in the near future, as a result of the conversion of assigned Sea Kings, are combat helicopters.

### Varying Qualities

The observation of these resources reveals varying qualities. Submarines possess a high degree of stability against surprise attacks and can exploit almost ideally the depth of the area off the coast. Low mobility and a hydrography that does not permit their operation everywhere limit this overall effectiveness, however.

In addition to that, the extent of their involvement in combined arms combat is relatively small, consisting mainly of the early relaying of data as the first step toward preparing for timely reactions on their part. They can react only laboriously to the receipt of data. The quality and rapidity of data forwarding is therefore of primary importance--together with the concentrated effectiveness of their weapons.

Minelaying forces operated from the inner line with short approach routes. By the definition of combined arms combat, they must be able, both with respect to their number and their mobility, to coordinate their actions with those of the combat units, in order to lay mines under the protection of ongoing activities and thus change the geography for the enemy in such a way that he cannot achieve his offensive objective on the first attempt.

The coverage of the area around the Baltic Sea approaches, in addition to a large number of prepositioned mines, also requires a large number of delivery resources, which aside from available resources makes a mobilization augmentation (ferries, RO-RO [roll-on roll-off] vessels) necessary. Unconventional solutions, such as towed catamarans or controlled mines that can be laid in time, should be included in this planning.

The main burden of the combined arms combat conducted with flexibility and initiative will have to be borne by the fast patrol boats, combat helicopters and fighter-bombers. Here the fighter-bombers excel through a high degree of mobility and a capability for concentrated, coordinated operations. Their deficiency [weakness] lies in their link to [dependence on] their bases, designed to have only limited stability and available in only limited numbers.

Fast patrol boats have both stability and mobility and are capable of combined arms combat. In addition they possess an unrestricted control capability. However, their effectiveness can be increased still more to the extent that the weaknesses existing at this time, such as limited direction-finding and weapons range, limited time at sea, and reduced seaworthiness in certain areas, can be successfully corrected.

With respect to the combat helicopters, it will be a question of insuring that they are not introduced as a new independent element, but that in the defense forces, as well, an integration into the existing naval warfare resources is successfully achieved, just as is already self-evident in the inclusion of the flying component in the overall weapons system ship in the security forces.

This close link is necessary in order, for the achievement of combined arms combat,

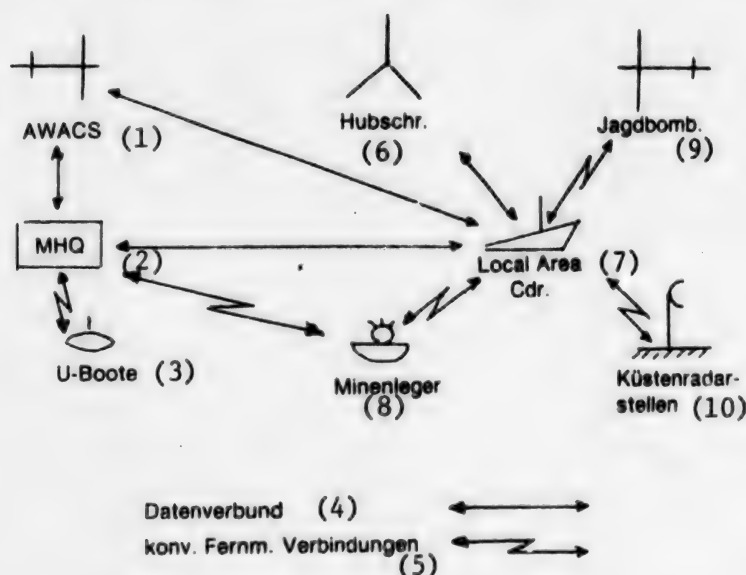
--to utilize the strengths of the helicopter with respect to mobility, dwell time, and [target] locating on behalf of the fast patrol boats, --via the data link of the fast patrol boats with naval headquarters, to relay to this headquarters, on an almost real-time basis, the data acquired by the helicopter for transformation into response and application of force, --to filter air and sea situation data acquired via data link and external resources in the fast patrol boats and for the helicopters.

#### The Fast Patrol Boat as a "Turntable"

In addition to its function as a weapons carrier, the fast patrol boat thus becomes a "turntable for data" and as a Local Area Commander, as it were, it can in almost ideal fashion coordinate the individual force elements in a continuing alignment with naval headquarters and in the execution of its commitment of forces in the battle area (see sketch).

#### Turntable for Data

#### Key:



- 1) AWACS
- 2) Naval Headquarters
- 3) Submarines
- 4) Data Link
- 5) Conventional Communications Links
- 6) Helicopters
- 7) Local Area Commander
- 8) Minelayers
- 9) Fighter-Bombers
- 10) Coastal Radar Sites



Worth considering in this connection is that, in battles fought with great intensity at the limits of the weapons ranges, force elements quickly reach the limit of their effectiveness if they are not part of a data link and therefore cannot oversee the complete situation. It follows from this, for example, that the number of missile-armed fighter-bombers operating autonomously against the enemy cannot be increased indefinitely.

Only the constant correlation of all available data via a system such as AGIS makes possible the necessary identification, allocation and near real-time coordination of a simultaneous missile firing by the various elements of effectiveness. Control capability thus becomes a critical [decisive] factor in the assessment of naval warfare resources, a capability which the large fast patrol boats already possess to a high degree at this time, but which must be further perfected so as to be able to implement the capability even more completely in the battle area and, consistent with modern combat, with even less loss of time.

Central operational control, however--similar to the security forces--, will not be able to stop at cooperation in the battle area alone, but must also include the marshalling of resources. The need for this appears to be particularly pressing in order to reduce the dependence of the helicopters on their bases and thus their vulnerability, as well as to achieve optimal data exchange, mutual understanding, and reciprocal support through timely convergence.

One solution that suggests itself is to utilize the deployment areas thus far intended only for ships for helicopters as well. The system support teams of the ships would be expanded by a helicopter component, so that the logistic-technical support could be centrally given in the deployment areas. To be sure, this also requires rethinking with respect to the dependence which ship squadrons have thus far had on tenders, whose replacement should soon be considered anyway for reasons of personnel and materiel.

#### Fully Exploit Flexibility

So what are the key requirements?

--Clear-cut assignment of naval warfare resources to the objectives: defense/security,

--Operational availability of naval warfare resources in the entire operating area, in order to retain/regain the initiative through the capability for massed concentration and utilization of the depth of the area,

--Giving consideration to the armament requirements resulting therefrom in modernization measures, and/or in the construction of new naval warfare resources,

--Assessment of all armament measures under the aspect of "increased control capability" and "contribution to combined arms combat" (this should also be considered an important requirement for cooperation and standardization in the alliance),  
--Integration of helicopters into existing naval warfare resources.

It follows from this that it is not a general reorientation that is at issue here, but that it is a question of continuing to develop available resources in objective-oriented manner, avoiding a dissipation [of resources] in the process, and above all fully exploiting the flexibility that the sea allows.

In contrast to the geographically and national interests-oriented rigid land front in Central Europe, this freedom of action in defense and offensive reaction underscores in particular fashion the necessity and importance of maritime forces at the flanks of the central front of our alliance.

#### Food for Thought

The reflections presented in the first part for improving freedom of action in defending against enemy operations directed at the key area Baltic Sea approaches lead to consequences relative to the support of fast patrol boat squadrons and the integration of combat helicopters into currently assigned naval warfare resources. Here measures must be taken soon because of the obsolescence of the tenders now in use, and the following reflections are offered to generate thought on the implementation of these measures.

What is at stake? In central, for the most part protected, positions, both ships and helicopters require material-technical support, munitions and POL supplements. Added to these in peacetime are various additional services. This support must be mobile in design, so as to be able to follow friendly combat ships by moving the "support area" and in this way making it possible for them to react to the various possible enemy courses of action in line with flexible defense.

The consolidation of all support elements in one platform poses the great danger that, in the event this vehicle suffers a breakdown [becomes inoperative], the combat effectiveness of all combat ships dependent on it decreases rapidly. The concentration by the enemy on this platform is therefore to be expected, for it offers the possibility of neutralizing a whole squadron through its destruction, without in the process having to come to grips with this squadron itself and its combat effectiveness.

Redundancy is therefore urgently needed.

But since this will not neutralize the threat but only ease the containment [impact] of breakdowns, an appropriate defense capability--also for individual support components--must exist.

How can we now satisfy the three requirements of

- mobility,
- redundancy,
- defense capability

effectively but also at a saving in costs and personnel?

#### Attempt at a Solution

The solution is seen in the following general statement:

In each squadron a support ship fulfills tasks in peacetime as well as in times of tension and the initial stage of a war.

When mobilization measures begin to be taken, a second support component is added, consisting of elements prepared in peacetime plus mobilization personnel and materiel.

Common to both components is that to a large extent they consist of standardized and containerized elements, each of which is land, air and sea-transportable and which can be merged in various combinations.

The defense capability is assured by likewise mobilization-assigned weapons in a combination of area and point defense.

Specifically: the (peacetime) support ship is suited to take on containers for

- storage of replacement and exchange parts as well as the associated documentation,
- accommodation of maintenance/repair personnel,
- medical care of the crews,
- communications equipment plus navigational and ATC [flight safety] control of helicopters,
- electrical [?] support of the above containers.

In addition, the vehicle [vessel] should have the following facilities, or be suited for

- POL and water supply for 14 days [2 weeks] of operations by the squadron (peacetime operation),
- storage of rations for 14 days [2 weeks],
- storage of munitions for the replenishment of the basic load as well as practice ammunition for firing sectors,
- facilities for waste disposal on the ships (refuse, bilge water, old oil, etc.) for an operational period of 14 days [2 weeks],
- room for the accommodation of the peacetime squadron staff as well as additional personnel required for training purposes,

- room for conferences and instruction,
- showers, lavatories and dayrooms for the crews,
- helicopter landing platform [helipad].

These requirements can be fulfilled by a commercial vessel having a displacement of between 1000 and 2000 tons and speeds of 15 to 20 knots, and manned by a small crew.

The mobilization support component should embrace the following elements:

- containers as for the peacetime platform,
- vehicles for the transport of containers and loading of POL, munitions and water,
- inflatable boat team for transports from land to ship.

Augmenting these are mobilization-requisitioned transport vehicles for POL, munitions, and movement of containers over fairly long distances, e.g. southern Norway.

Both the peacetime and the mobilization support components would be augmented once the alarm is given by air defense elements, consisting of containerized air defense weapons as well as manually guided guns and missiles (e.g. man-portable SAM).

Re the procedure:

Both components meet in the support area designated by naval headquarters, and in the process

- the remaining staff of the squadrons takes over the containers and other materiel and moves out in accordance with orders from naval headquarters, utilizing the requisitioned means of transport,
- the peacetime system support team assigns part of its personnel to the mobilization component as a reception cadre,
- specialized personnel from schools, offices and headquarters, as well as from the reserves, "flesh out" the mobilization system support team,
- helicopters with their maintenance and air technical personnel deploy directly to the support areas,
- one officer of the squadron involved assumes the function of the shore-based support area commander and coordinates the disposition [of forces] and air defense,
- additional requisitioned transport resources preposition POL and munitions in the support areas, as directed by naval headquarters.

Depending on the threat, the state of the air defense belt, and one's own intentions, the containers concentrated on the peacetime platform can be divided among smaller vehicles, small harbors, or other points on land. The increased coordination and movement effort



resulting from this will have to be taken into account in return for the increased stability [which the division brings].

### Consequence

All in all, the following consequences can be drawn from the above:

1. The peacetime system support team on the floating support platform will be reduced in size from the time the alarm is sounded. With a view to redundancy, this appears to be tolerable, especially since from this time on time-consuming peacetime/administrative work will cease.
2. In the containers, a replacement/exchange parts package must be available which has been coordinated with both ship and helicopter formations, and the workshops must be acceptably equipped.
3. Operational control of the helicopters passes to the commander of the ship squadron at the time of embarkation to the support area. A helicopter operations officer will be attached to him for his support.
4. For the utilization of the mobilization component, the ships must be supplied in part in inlets, using a shuttle service technique, and in part at small piers; the support areas will thereupon have to be selected.
5. Whether and to what extent the remaining personnel of the squadron staffs can also take on air defense, in part or wholly, must still be studied, depending on the prepositionable or still to be procured materiel. A utilization of available reservists may give relief.
6. The procedure outlined, in order to be fully mastered, must be practiced in maneuvers. Since a full-scale alarm [alert] appears too costly in terms of money and personnel, only the squadron whose support ship is undergoing interim or depot repair should rely on the mobilization component and practice its utilization together with a helicopter unit.

The procedure outlined above--the required confidentiality precluded a detailed description of specific questions and problems, which require detailed studies and tests to boot--assures that combat ships can be smoothly supported also in the transition phase from peace to war. With the outset of hostilities, cracks in the air defense belt and the suffering of first losses, the supplementary component then becomes effective and thus assures the continued functional capability of the combat ships. Most of all, however, this reinforced support, also usable operationally in parts insures--and this closes the cycle to the general requirements established in the first part--that friendly ships keep the capability which is especially urgently needed in the early stages of a war, namely to take immediate and concerted action and to keep the actions at a high level of intensity for a limited time.

These reflections are intended--as pointed out at the outset--to stimulate discussion, not only because of the diminishing resources but also in view of the general difficulty in supporting ships and helicopters and their mutual interaction.

Inset on p 201:

Hans Frank, Captain  
Crew IV/1961

After serving on fast patrol boats, at the naval NCO school, on training ships, as a fast patrol boat commander and as a ship's operations officer, underwent admiral staff training. Thereafter S-3 in the 7th Fast Patrol Boat Squadron, department chief in the Ministry of Defense, commander of the 2nd Fast Patrol Boat Squadron, A-3 of the Fast Patrol Boat Flotilla until assignment to presently held position at SHAPE headquarters.

12689

CSO: 3620/432

MILITARY

FEDERAL REPUBLIC OF GERMANY

# REPLACEMENT OF BUNDESWEHR'S PERSHING-1-A MISSILES CRITICIZED

Munich SUEDEDEUTSCHE ZEITUNG in German 17 Jul 85 p 4

[Article by Kurt Kister: "Bonn Armed Forces Headquarters Reviews Its Missile Inventory: The 'German' Pershing-1-A Systems Are Considered To Be Obsolete by the Ministry of National Defense"]

[Text] The latest publications regarding the planned replacement of the 72 Pershing-1-A missiles of the Federal Air Force by the end of this decade is a topic which has caught up with the Federal Ministry of National Defense and which politicians and military authorities had sought to avoid with relative success during the years of conflict regarding the Pershing-2. The focal point of the reequipment debate had been the planned and since then largely accomplished replacement of 108 Pershing-1 missiles of the U.S. Army in Germany by the "successor model" Pershing-2. (This is a rocket which technically has very little in common with its "predecessor.") Because of this decision, the West German discussion concentrated on the American Pershing missile units at Mutlangen and Neu-Ulm so that the fact that the Federal Air Force has two missile squadrons which are equipped with the allegedly obsolete Pershing-1 missiles was barely perceived.

The "German" Pershings do not differ technically from the "old" missiles of the 56th U.S. Field Artillery Brigade, which are to be completely replaced by Pershing-2 missiles by the end of this year. The "old" model Pershing-1-A has a maximum range of 750 km, has a solid fuel engine and can be equipped with nuclear explosives having a yield of between 60 and 400 kilotons (the Hiroshima bomb had a detonation value of 12.5 kilotons of conventional explosives). The nuclear warheads for these missiles are in American hands. German Air Force personnel and American crews perform joint duty assignments at so-called alert positions in which a given number of Pershing-1-A missiles are always ready for launch and have warheads mounted.

The political backdrop whereupon the Federal Republic of Germany, as a country has rejected the possession of its own nuclear weapons is reformulated in Bonn by using the concept of nuclear participation, even though it supplies carrier systems for nuclear warheads. There was the desire even then to demonstrate readiness to help carry the "burdens and risks within the alliance in solidarity." This consideration from the sphere of symbolic politics, however, becomes more concrete when one considers the second reason for nuclear

participation. The carrier weapons are understood to represent a "essential precondition for the pursuit of national interests in nuclear policy, nuclear strategy and nuclear employment planning within the alliance." In other words, the nuclear pauper wants to assure more consideration and participation in decisionmaking for himself within the exclusive club of the NATO nuclear weapons powers.

Within the nuclear strategy and target planning of the alliance, the Pershing-1-A is primarily intended for the so-called "selective nuclear options." This means nothing other than that most of these missiles are aimed at militarily significant fixed targets in the "enemy rear." These targets include railroad junctions, highway communications, staging areas and bridges. In theory, such a "selective" strike is not only intended to cause great military damage to an aggressor but is intended to simultaneously "signal" a readiness toward further escalation--as the official literature says more than euphemistically. The location of such targets is shown by a glance at the map of Europe, given the maximum range of the Pershing-1 of 750 km: the Baltic port of Szczecin, the river crossing near Frankfurt/Oder and the total railroad net in Czechoslovakia.

The Pershing-1-A is thus one of the weapons systems upon which the highly problematic assumption is based that there can be something like nuclear deterrence in a hitherto conventional war but below the level of the "big" nuclear war. Without the belief in the possible limitation of nuclear employment, the maintenance of the German Pershing option is meaningless. This is equally true of the successor weapon to the Pershing-1-A, which has now been zeroed in on for its own purposes by the armed forces headquarters: the Pershing-1-B, not to be confused with the Pershing-2. With the same range as the Pershing-1-A, the Pershing-1-B is said to be "only" considerably more accurate so that while target planning has been "tightened up" it basically remained unchanged. In its final effect, this means that this missile is to use nuclear strikes to halt an aggressor militarily and to force him to the negotiating table "politically." This is a rare and dangerous way of thinking when one considers that the Warsaw Pact would employ its SS-21 and SS-23 missiles in the event of an attack either immediately or in retaliation for Western selective strikes, on a massive scale. But then the targets would have such names as Bremerhaven, Frankfurt or Fuerstenfeldbruck and we would no longer be around to define whether this had been a limited or a selective employment.

Such emergency planning involving the Pershing-1-A (or later perhaps the 1-B) also contribute to undermining the argument that, in peacetime, such weapons are "political instruments of deterrence." As long as these nuclear weapons are planned for use against military targets, no matter how "limited" the intent, it is only with difficulty that this can be equated with the "political" character of a missile or a nuclear artillery projectile. The dreadful reality can destroy the pseudologic of this edifice of ideas. The hundreds of millions of marks for a Pershing-1-A successor weapon would be better utilized to strengthen conventional defense capability.



MILITARY

ERRATUM: This article republished from  
JPRS-WER-85-064 of 7 August 1985 to  
place it under its proper category  
and country.

PORTUGAL

#### DETAILS ON JOINT MANEUVERS WITH SPAIN

Lisbon DIARIO DE NOTICIAS in Portuguese 19 Jun 85 p 4

[Excerpt] Portuguese and Spanish army forces specializing in guerrilla and antiguerrilla combat will be participating through the 21st in the joint "Comangoe 85" exercise now underway in the area of the Estrela Mountains.

With cooperation from the Portuguese Air Force, about 750 men from the Commando Regiment and the Special Operations Group are engaged in the maneuvers under the command of Air Force Gen Fausto Marques, commander of Portugal's Specialized Forces Brigade.

The "Comangoe 85" exercise is of value "to both Iberian countries as a means of improving their forces," emphasized Gen Firmino Miguel, deputy chief of the Army General Staff, while the director of the Spanish Army's Operations Department, Gen Jose Sanchez, stressed that the maneuvers have been demonstrating that "the training level of the Portuguese commandos is very high."

According to the scenario for "Comangoe 85," the conventional forces defending the mainland territory have collapsed, and the territory has been "occupied" by forces from the "Orange bloc"--the result of an intensification of the crisis in the Middle East, one of whose effects was military intervention by the powers in the two blocs: "Blue" and "Orange."

In an enveloping maneuver carried out from the south following the "fall" of the Balearic Islands, the "Orange bloc," supported from North Africa, launched a strong offensive aimed at occupying the Iberian Peninsula and controlling the ports on the Atlantic. For that purpose, the invading forces landed in the Cartagena-Alicante-Valencia and Huelva-Cadiz regions and then advanced rapidly. After receiving reinforcements of men and materiel, they continued their "attack" and occupied "a vast area in the northern territory of the mainland."

Being unable to resist using conventional forces, the High Command decided to mobilize and organize "active resistance" using the elements trained for that type of combat and concentrating them in the Azores and Madeira.

Since the "Orange forces" occupy and control areas that include both Portuguese and Spanish territory, it has been decided that the effectives to be used in the frontier areas will include units from both countries for joint action.

According to the previously established scenario, the "Orange forces" have gained air superiority over the mainland territory, while the "Blue forces" have kept the upper hand in the North Atlantic. For its part, the civilian population is hostile toward the occupiers, especially north of the Tagus River.

11798

CSO: 3542/202

MILITARY

SWEDEN

## SUBMARINE HUNTING CAPABILITY AGAIN SEES SUMMER DECLINE

### Violations Quarterly Report Issued

Stockholm SVENSKA DAGBLADET in Swedish 9 Jul 85 p 6

[Article by Lars Christiansson]

[Text] Sightings of foreign submarines as well as of foreign divers were reported to the Armed Forces in the last quarter. But although the number of reports is now rising again, the Defense Staff is not venturing to draw any conclusions as to whether foreign activity has increased or declined.

The assessment by OB [Supreme Commander of the Armed Forces] Lennart Ljung is that there may have been foreign underwater activity during the latest quarter as well.

This is clear from the report made public by the Defense Staff on Monday.

Col Lars G. Persson of the Defense Staff says: "We cannot draw any conclusions at all as to whether foreign underwater activity has increased or declined--there is no statistical basis for doing so. The number of reports is about the same as it was during the second quarter of last year." Colonel Persson is head of Operations Section No 2, which is responsible for evaluating the sightings that are reported and compiling the report.

### Hard To Explain

The compilation states that "in some cases, the reported sightings are hard to explain except as being due to foreign underwater activity. The OB therefore feels that such activity may have occurred."

The OB then adds that "no incontrovertible proof exists, however." SVENSKA DAGBLADET asked Colonel Persson to explain what the Defense Staff means by "incontrovertible proof."

Persson explained: "During the period in question, we did not find any tracks on the sea bottom or anything of that sort."

He said: "In our opinion, there is a 50-percent probability that foreign underwater activity occurred."

The military did find minisubmarine tracks on the sea floor in the Stockholm Archipelago. But the feeling is that they date from last fall, before the ice formed. In contrast to previous periods, this time there were also observations of foreign underwater activity in the Western Military District. The most solid reports of foreign submarines came from Gullmar Fjord and the area west of the Onsala Peninsula.

#### Shown on Monitoring Equipment

The sightings in Gullmar Fjord were made by a couple of police officers and, later, by a conscript sentry. Technical surveillance equipment also showed a response. In the waters off the Onsala Peninsula, two people reported seeing tubes resembling periscopes moving through the water.

The quarterly report that has just been published is incomplete as far as the last half of June is concerned. During that period, the number of reported sightings increased sharply, but they have not yet been completely analyzed. The higher number of reported sightings is occurring chiefly in the Stockholm Archipelago and all along the Norrland coast.

#### Foreign Divers

One place where foreign divers were reported was at Galo, inside the prohibited military area in the vicinity of the Musko Naval Base. According to the quarterly report, however, no definite conclusions could be drawn from the sightings.

Concerning the submarine hunt in Hano Bay and off Karlshamn at the end of March, the OB notes that indications of foreign underwater activity were obtained in several ways. The conclusion in the report is that there may have been foreign underwater activity in those locations.

#### Harder To Find Proof

The analysis on the Defense Staff continues to be that foreign submarines have probably adapted to Swedish tactics and are now clearly operating with caution. That is one of the explanations, it is said, for the fact that it has become harder and harder to find "incontrovertible proof"—in the form of tracks on the sea floor, for example. Another explanation of why the navy has not been able to come up with more reliable observations is that quite a few antisubmarine helicopters could not be used for antisubmarine reconnaissance because of defects in their engines, as SVENSKA DAGBLADET reported earlier. The result of this is that the possibilities for getting to the spot quickly and beginning the search after reports come in are not as good as before.



### Search Follows Periscope Sighting

Stockholm SVENSKA DAGBLADET in Swedish 10 Jul 85 p 6

[Text] The navy is looking for a foreign submarine in the area north of Oregrund and Graso.

The hunt began after a submarine periscope was sighted late Monday evening in the sound between Graso and the mainland.

At 10:50 on Monday evening, five civilians reported having seen a submarine periscope and the superstructure of a submarine that was moving north through the sound.

"All five of us caught sight of a periscope and the superstructure at the same time. We watched the submarine move north for about 30 seconds. Then we rushed down to our boat and tried to follow it. But by the time we got out on the water, it had disappeared."

So says Stefan Lundin, who was one of the eyewitnesses. Lundin served in the military as a radar monitor in the sea surveillance room at the Musko Naval Base. He is completely certain that what the five saw was indeed a submarine.

One of the five called the naval base on Musk Island to report the incident, and the search began that night.

The Defense Staff confirms that searches are underway in the area, but it says that no further indications have been found.

### Vacations Reduce Navy's Capabilities

Stockholm SVENSKA DAGBLADET in Swedish 11 Jul 85 p 8

[Article by Erik Liden]

[Text] The navy's resources for hunting foreign submarines are being limited again this summer by vacations and the unsolved engine problems in its heavy helicopters. Despite the billion-krona investment in antisubmarine measures, capabilities this summer are only slightly better at sea and worse in the air than they were last summer.

Capt Anders Timdahl, information chief for the Naval Staff, says: "We can only say that Sweden has a 2,700-kilometer-long coastline and that our ability to protect the territory should be considerably better than it is. Even though we have an antisubmarine force on constant duty, it cannot be everywhere at the same time."

The defense force includes a patrol boat squadron consisting of three or four patrol boats equipped for antisubmarine warfare and a mine clearance flotilla consisting of three or four vessels—with modern hydrophones, among other things—at Arholma and Landsort. An aircraft for maritime reconnaissance is

also part of the force, as are, in normal circumstances, from 7 to 10 heavy helicopters of the Vertol type. The coast guard can also provide help.

Besides the engine problems, which mean that range and carrying capacity are extremely limited, there is also the fact that the helicopters are being modernized at the SAS [Scandinavian Airline System] shops at Arlanda in a program that will continue through 1986. The navy therefore does not want to say how many helicopters it could actually send into action if there were a serious submarine incident.

"As we have pointed out before, that is a very serious handicap and one that must be eliminated as quickly as possible," says Timdahl. "The helicopters are really needed in the summer for quick sorties around the clock. Travel time for a patrol boat going from the Stockholm area to Sundsvall, for example, totals at least 5 hours. During that time, many submarines have time to disappear."

If the entire coastal fleet, which has between 60 and 70 vessels in service in the summertime, were spread all along the Swedish territorial border, vessels could be deployed 40 kilometers apart. Preparedness could not be any better than that [under present conditions].

In addition to the above-mentioned antisubmarine force, another force of the same kind can put out to sea within 24 hours even though some of its crewmembers are on vacation. The standby rosters carry strict rules today, and ship's officers can travel abroad during their vacations only in exceptional cases.

#### Short Notice

On land, the coast artillery can man a number of mine stations and artillery batteries in sensitive archipelago areas on short notice.

"It is only a matter of hours with the emergency units that stay on duty all summer so as not to leave any gaps. They consist mainly of conscripts undergoing basic training.

"Obviously, no one holding a position of responsibility in the Armed Forces can be happy with that kind of preparedness, but those are the resources we have today," says Timdahl. "Even navy personnel are entitled to statutory vacations, which we spread over the course of the year to the extent that we are able."

Along the Norrland coast, the KA-5 coast artillery in Harnosand has only one patrol boat in operation—exactly the same as last summer. It has to cover the entire stretch of coast from Sundsvall in the south to Lulea in the north. It takes nearly 24 hours to get reinforcement vessels to the Lulea area. The west coast is also thinly covered, although there are normally a few patrol boats there as well as the helicopters at Save. But helicopter use is subject to the restrictions imposed by the engines.

Anders Tindahl says: "The growing number of submarine sightings reported at this time of the year, when daylight lasts practically around the clock, should really require greater preparedness than in the spring and fall. Also needed are more antisubmarine forces and completely usable helicopters. Unfortunately, it is going to take a long time before the neglected antisubmarine defenses get the resources they need. A lot of work remains to be done."

#### Continued Searches

Searches for the foreign submarine in the area north of Graso continued on Wednesday. The search force included a Swedish submarine as well as patrol boats and the coast guard's aircraft.

But the stepped-up search efforts did not lead to any results. The search began after five eyewitnesses reported that they had seen a submarine in the sound between Graso and the mainland. According to what SVENSKA DAGBLADET was told, the information provided by the witnesses was considered reliable, and that was why the search continued.

The reconnaissance force did not discover any signs of a submarine during its search.

11798

CSO: 3650/289

MILITARY

SWEDEN

## COMBAT VEHICLE 90 PROJECT GETS FINAL APPROVAL

Stockholm DAGENS NYHETER in Swedish 17 Jul 85 p 6

[Article by Gunnar Sorbring]

[Text] One of the Swedish Army's biggest projects for the 1990's has gotten underway. It involves Combat Vehicle 90, which is the collective name for a family of light armored vehicles. They will increase the army's mechanization in a deal that will be worth between 2 and 4 billion kronor when series procurement gets underway.

The first order, amounting to 200 million kronor, covers development of the vehicle, and another 200 million kronor will be spent a year from now to develop the armament.

Maj Gen Helge Gard, head of army materiel for the FMV (Defense Materiel Administration), says: "We will have to choose between calibers of from 40 to 60mm for the automatic gun, and that will happen sometime in 1986."

The FMV has signed a contract with HB Development, Inc., which is jointly owned by Hagglund and Sons of Ornskoldsvik and Bofors of Karlskoga.

The basic chassis can be adapted for various vehicles, including armored personnel carriers, self-propelled antiaircraft guns, mortar carriers, and armored recovery vehicles. Among other things, the engine and gearbox will be manufactured in Sweden, and series deliveries are planned beginning in 1993.

### Improved Capability

But this, like much else in our future defense force (antisubmarine protection, for example), will depend on the defense decision that is reached in 1987.

One of Combat Vehicle 90's advantages is that antitank and antiaircraft capability will be improved considerably, especially in the Norrland units, as will protection from splinters and small-bore weapons.



Maj Gen Hjalge Gard says: "We are looking for a vehicle that will be superior in armament and protection to anything coming from the sky."

The enemy that comes from the sky will bring light vehicles with him--and that includes light combat vehicles.

"One of Combat Vehicle 90's very good features is that its armament will be more powerful than anything coming from the sky and will also be more powerful against foreign air forces."

"The reason we are now choosing this approach with mechanized infantry is that northern Sweden differs greatly from Central Europe when it comes to terrain, snow, road systems, and rivers. It will mean a considerable strengthening of infantry and Norrland rifle units," says Hjalge Gard.

#### Must Be Protected

Goran Tillqvist, department head in the FMV's Combat Vehicle Office, says: "The soldier must be protected so that he can survive in a modern combat environment that includes, among other things, multiple bombs. Those bombs shatter to produce a number of smaller bombs that cover a wide area.

"You are not protected if you cannot move quickly in Swedish terrain. In addition, this vehicle will be able to fight against targets both on the ground and in the air."

The new vehicles will not replace older vehicles; instead, new mechanized units of a different type than before will be formed.

Tillqvist says: "It will be based to a large extent on conventional technology. We therefore believe that the cost estimates are reliable."

#### A Few Hundred Vehicles

When series production begins, it is expected that a few hundred vehicles will be produced over a period of 5 or 6 years.

Combat Vehicle 90 will weigh 20 tons, carry a three-man crew, and have room for eight antitank infantrymen.

It will have a Swedish truck engine with automatic transmission and be able to travel at a speed of 70 kilometers per hour.

The first experimental vehicles will be delivered in mid-1988 after 2.5 years of prototype testing.

#### Armor-Piercing Bullets

A rifle and machinegun bullet with fearful penetrating power has been developed in Sweden and has already been sold to several NATO countries for internal tests.

"Within a couple of years, we will probably begin selling it in the usual quantities both to the Swedish Armed Forces and abroad," says Soren Gindahl, marketing manager for the FFV [National Industries Corporation] Defense Materiel Division in Eskilstuna.

The bullet, which is made of hard metal with a caliber of 7.62mm, will fit the very common AK-4 automatic carbine and the Ksp-58 machinegun.

The bullet will penetrate 20mm-thick armor at a range of 300 meters. This means that it will penetrate the side of an armored personnel carrier from that distance on perpendicular impact.

Gindahl says: "The Swedish Armed Forces have looked at it and feel that it is interesting, but they have not yet made a decision."

11798

CSO: 3650/289

MILITARY

SWEDEN

BRIEFS

MISSILE RESEARCH FACILITY CONTRACTED--Swedair has signed a new contract with the FMV (Defense Materiel Administration) covering the missile proving ground in Vidsel in Norrbotten. The contract, which runs for 3 years and may be extended for an additional 2 years, is worth 70 million kronor. The contract means that Swedair will be responsible for the operation and maintenance of the proving ground's technical systems. Swedair has had the contract ever since the activity began about 20 years ago. The proving ground is used for test firings and practice firings of the defense force's guided missiles and missiles being developed by the Swedish defense industry. The Swiss Armed Forces will also conduct tests at Vidsel. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 3 Jul 85 p 23] 11798

CSO: 3650/289

ECONOMIC

EUROPEAN AFFAIRS

## EEC WHITE PAPER ON INTERNAL TRADE

Milan MONDO ECONOMICO in Italian 15 Jul 85 pp 30-32

[Article by Corrado Sellaroli]

[Text] The EEC Commission's document on the European market is the tool that was designed to lay the cornerstone for building a truly united marketing area by 1992. It deals with an issue that intimately involves all Europeans, all enterprise, and all who hope this road will lead to political union.

With the waning of the storm of comment as to the degree of success achieved at the Milan summit, and pending a post-vacation return to the drive for revamping the Community's institutional structures: (another try by the Seven, according to Spinelli; "all parties are enthusiastically behind it," according to Delors; "Those who stayed away are still wrong," according to Andreotti), the document that has to be the most meaningless and ponderous of all those that have won approval from the European Council is only now beginning to undergo in-depth analysis.

It is advertised as the White Paper on the European Market drafted by the EEC Commission and described by the Commission's vice president, Lord Cockfield, in his presentation, as "the most important act in this Commission's 4-year history." It is a series of 218 points, introduced as a draft of a model commitment by the 10 (shortly to be the 12) to achieve a truly united market by 1992. This is the indispensable prologue, it says, to a true European Union.

In his first public comment on the outcome at Milan, Delors complained that it failed to extract from the heads of government the internal market issue "any solemn commitment, but merely a mandate to get started." And in fact the closing declaration of the summit talks of "launching a clear-cut program for action, according to fixed phases corresponding to priorities already established and on the basis of a binding schedule."



### Three Areas of Intervention

In substance, the White Paper calls for three major categories of intervention, all predicated on the sequence of approval of specific standards: physical boundaries, technical boundaries, and fiscal boundaries. The cost of maintaining existing barriers is, according to the lowest estimates, more than 2 percent of GIP. That amounts to saying that, if the barriers were abolished, the Community would add additional economic potential equivalent to getting another Denmark.

Every action aimed at ensuring free circulation of production factors, it is argued, must necessarily be backed by stepped-up monitoring to protect competition, both by individual enterprises and by individual countries. This means more limits on government assistance, coupled with recognition that, in order to avoid a concentration of the means of production in the most desirable areas, there must be incentives offered for building plants in the others: a broad potential for lively controversy in the name of economic neighborliness on the one hand and community solidarity on the other.

Furthermore, no national quotas on imports (the much-discussed Article 115 of the Treaty of Rome) may well be approved: hence, for example, free import into Italy, as well into all the other Community countries, of Japanese or Soviet automobiles. Or even the paradox of seeing greater freedom for sellers of Japanese cars than for some Spanish products.

The EEC Commission is also looking to forearm itself against possible slackness on the part of the Council in sticking to the timetable for implementing deregulation measures: it is in fact made explicit that such slackness shall not exonerate the Commission of its obligation to take whatever measures may be necessary to insure the free circulation of goods. In other words, there may be a multiple repetition of the situation now pertaining for cereal grain prices, for which the Commission has assumed responsibility for new marketing rules in the absence of a decision by the ministers.

**Customs: There's a Problem!** Abolition of customs barriers turns out to be the hardest point of all, owing to the disparate rates of value-added taxes and manufacturing taxes levied by the individual countries. There are tax disparities in excess of 10 to 1 between -- and this is the extreme case -- Denmark and Greece, but they are also to be found in homogeneous areas (a zone of 100 kilometers' diameter including Belgium, The Netherlands, and Germany). A survey of European consumers recently reported finding disparities in retail prices as high as 60 percent (not between minimum and maximum, but among averages for each locality). Hence, in order to forfend massive shifts in demand -- which would be reflected in tax evasion and in unfair competition against those who refrain from it -- it would be prudent, before abolishing controls, at least to narrow the gaps among national taxation rates on the same goods.

The time-table for the individual measures to be implemented by 1992 call for a hundred or so specific interventions, ranging from sperm banks for stock-breeding to extradition. It is disquieting to note how many of these provisions are scheduled to take effect in 1985, which means within four working months. It may surprise some that we shall have to wait for 1990 before we get a regulation on shipment of ornamental plants, and that community-wide standards for drug-testing are expected in 1986, 2 years ahead of similar standards for cosmetics.

By the end of this year, though, every bottle of wine or liquor must be labelled as to alcoholic content (which is already standard practice in Italy, but not in France), and by the end of next year we must come to some agreement on highway speed limits. It sets 1988 as the deadline for standardizing compensation for medication purchased under health insurance plans, although the rule calling for uniform descriptive labels on prescription and proprietary drugs will not be issued any time before 1990. That, by the way, is the year in which we shall also be standardizing a market that is serenely free of any arcane squabbles about standards: water.

### Services

The relatively slim increase in employment in the service sector (unlike what is happening in the United States) is largely attributable to the lack of a common market for services. The transport market in the Community is already subdivided into national turfs. All the airlines are owned by cartels or are monopolies, and almost all of them receive government subsidies. This is a system based on the Chicago Conference of 1944! The [EEC] Commission proposes greater cooperation among the airlines, and greater freedom to provide services, even while maintaining a security net equal to 25 percent of the market for each contracting party to a bilateral agreement.

Insurance is also a service. Some progress has been made in the area of freedom to do business for the insurance companies, although very little has been done to insure freedom to provide services across national boundaries. An emergency move to liberalize the sector -- the first Commission proposal in that matter dates back to 1975 -- will be "crucial" to the entire sector, particularly because German law prohibits insurance agents' dealing with insurance companies whose headquarters are abroad.

### Capital

Nothing is more important than the free flow of capital to long-term development of the Community's economy. Notwithstanding that fact, the only progress achieved thus far dates back to 1960. The most obvious cost to the ordinary citizen as a result of this failure stems from the fees he must pay to change currencies. Fees for such transactions range from 5 percent to 20 percent. The Commission must take action to bar the EEC banks from continuing to charge excessively high service fees for such transactions.

"Inasmuch as progress must be at once gradual and visible, the European Council calls on the Commission to submit its proposals expeditiously, and on the Council to assure their adoption."

Then comes a list of the priorities to be met, a patent carbon copy of the list in the Commission's White Paper, curiously omitting only the elimination of customs barriers within the Community.

"Yes" from the Entrepreneurs

Initial reactions from the business community were very positive, given its pragmatic and technically oriented tone, plus the administrative simplifications it implies. European chemical industrialists, particularly, focus on recognition, in future regulatory action, of applicability of health protection measures enacted in one country to all countries alike. They argue that there must be prior acceptance on all sides of a product coming from any other EEC country, in compliance with local health and safety regulations.

Reactions from the European labor unions were more restrained. While declaring their agreement on the establishment of a unified internal market, they want to couple that with a unified "European labor-space." The internal market, says a document from the European Labor Organization (approved in Geneva late in June), this cannot be achieved by means of a "labor competition" in which some countries derive competitive advantages in exchange for weakening labor and possible deterioration of workers' living conditions and job security.

The White Paper, they claim, de facto excludes workers and consumers from the drafting of safety regulations that concern them most directly. The agencies that set the standards -- one of the key components for translating the White Paper into unifying standards -- "are subject to no democratic control, whereas entrepreneurs play a decisive role in their formulation." Lastly, argue the European labor unions, future improvements in the conditions governing the movement of goods should be backed by stiffer criminal penalties for manufacturers who place products on the market that do not meet safety standards.

Mathias Hinterscheid, general secretary of the European labor unions, added that: "The White Paper kindles no hopes for any positive impact on unemployment. Among all the goals to be achieved, this one was forgotten, and nobody paid any attention to the consequences of that oversight for the workers." That would seem to portend new patterns of labor demands -- an attempt to connect the unification of the internal EEC market with a much more far-reaching plan to unify prosperity and to eliminate the "blank spots" in worker protection practices.



The major barrier, though, is still the retention on the part of some States, of currency exchange regulation and restriction. What is needed, therefore, is a coordinated policy that provides for abolition of such restrictions, for expansion of the European Monetary System (Ems) and for stabilization of the balance of payments. Meanwhile, the Commission will initiate discussion with individual States on a new regulatory system for the securities market to deal with discrimination against stocks and bonds issued by European corporations.

## Taxes

Tax structures and rates must be substantially changed if we want an internal market. The IVA (value-added tax) is the only form of indirect general taxation, but there are disparities in the number and scope of the rates. Needed, accordingly, is a move to cut the number of rates to two and bring them more closely into line (with a spread of 2 to 3 percent), so that individual States are allowed some discretion vis-a-vis incoming transfers, partly because they would no longer be in a position to alter the IVA tax base or the classification of goods in relation to assignment of tax bracket.

Even stickier problems will stem from the changes in taxes on alcoholic beverages, tobacco, and oils. Thus far, agreement has been elusive: there are too many interests at stake, and many of them also involve economic policy or the traditional pattern of consumption in each individual country.

## Borders

Abolition of borders, rather than simple unification, is the end-goal for the Commission. To reach that goal, the Commission thinks, will require three phases between now and 1992. The initial phase will center on simplification, with emphasis on loosening controls; abolition of customs checks at the borders -- the IVA would no longer be levied in border areas -- and, lastly, a third phase in which initiatives would be tested to make controls superfluous. At the same time, the European passport would be introduced in all countries.

The most serious objection to free circulation of persons hinges on the heightened risk of entry by criminals, terrorists, and illegal immigrants -- or drugs, insofar as goods are concerned. To cope with these threats, the member States must develop close cooperation in all matters involving the public safety and observance of the law. The border-checks, though, will have to be replaced with a system of defense in depth. Elimination of national boundaries must in fact lead, in the final phase, to introduction of the "Community citizen." European citizens must be free to go to, live, and work in the State they choose, will be entitled to Social Security and subject to income taxes similar in every way to those enjoyed -- or detested -- by native-born citizens of that State.



Considerably more complicated is the matter of circulation of goods. Daily protests from truckers at the borders are confirmation of that. Thus far, there has been a bit of progress toward standardizing certificates and forms, but the road to abolition of border checks still stretches a long way ahead. Far more than anything else, inspections and verification of taxes paid are still the truckers' major barrier at the borders.

#### Ground-Rules

Creating a "single space" in the law for industry also entails abolishing all the technical obstacles that "compartmentalize" the Community, and thwart efforts by corporations to operate at the continental level. The disparate technical specifications for products as enforced in the individual States increase production costs and impair their competitive stance. Furthermore, all States have resorted to ground-rules disguised as safety regulations to cloak various forms of protectionism. There has been some progress in this area, even recently (MONDO ECONOMICO 27 May p 24), but in many instances the Commission's ability to standardize the Community does not match that of the member States to generate new regulations. The standard-standards system should solve a few problems, but heated argument is still going on as to the principles and criteria upon which any such standardization should be based.

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CSO: 4528/95

ECONOMIC

DENMARK

PAPER URGES GOVERNMENT REFRAIN FROM ECONOMY CONTROL MEASURES

Copenhagen BERLINGSKE TIDENDE in Danish 10 Aug 85 p 6

[Editorial: "No Reason to Step In"]

[Text] Taking note of the balance-of-payment deficit every month for the first 6 months and adding the figures would give us the semi-annual deficit result, but this figure ought not be a real surprise to anyone. The balance-of-payment deficit for the first half of 1985 reached 12.8 billion kroner, which in the government's opinion is too high. Although the goal for the entire year is approximately 15 billion kroner, developments in the latter half are always much better than in the first half of the year.

However, we need to take other things into consideration but the actual size of the deficit in our evaluation of whether the deficit is too high and, if so, whether we need to adjust our economic policy.

From a political point of view, it is critical whether the government still finds it realistic to achieve a zero deficit beginning in 1988, which is its stated and indisputable goal.

The answer to this would depend on a closer economic evaluation of the circumstances that underlie the size of the present deficit and the development of these circumstances during the remainder of 1985. The result of a similar evaluation is the reason for the government's negative attitude toward the opposition's desire to impose economic control measures.

Denmark's present economic growth is among the highest in Europe. Production and employment have almost reached the limits of our capacity. This, of course, provides more and higher incomes, leading to growing consumption and the resulting need for imported goods.

However, the principal reason for the government's refusal to impose economic control measures is that industrial investments directly and indirectly affect the balance-of-payment deficit. As long as this is the case, the deficit must be tolerated. Investments now exceed production possibilities. It is the long-awaited growth in investments which somewhat longer term will provide the opportunity to establish a lasting balance with respect to trade with foreign countries. The industrial development and modernization now under way will undoubtedly lead to greater exportation as long as we remain competitive.

There is a great deal of new orders on hand, according to industry. Thus, we might safely expect that the present change in the Danish economy toward an expanding industrial sector will yield results in terms of an improved balance-of-payment status. This development is temporarily having a negative effect on the balance-of-payment situation, but its application will provide a positive contribution in terms of greater export opportunities.

The semi-annual balance-of-payment deficit has once more given the opposition an opportunity to get into an awkward position. As usual, the Socialist People's Party (SF) has no opinion on the Danish economy; the Danish Federation of Labor (LO) says industry is to blame for the fact that record industrial investments are not even higher, resulting in an even greater balance-of-payment deficit; while the Social Democratic Party calls the present deficit indefensible and demands higher taxes and more import duties, which shall not affect "average families," however, whoever they might be. The government remains wise in shunning this kind of inspiration and sticking to its course.

8952

CSO: 3613/184

ECONOMIC

DENMARK

## PROFIT GAINS MADE IN ALMOST ALL INDUSTRY SECTORS

Copenhagen BERLINGSKE TIDENDE in Danish 7 Aug 85 Sect III p 2

[Article by R.B.: "Continued Gains in Almost All Sectors"]

[Text] The last few years' profit gains continued in almost all sectors of industry in 1984 with profits totaling 15.2 billion kroner, representing an increase of almost 25 percent. Recently published figures compiled by Danish Statistics also suggest that industrial investments in current prices rose by 33 percent, to 9.5 billion kroner in 1984.

These statistics include industries with more than 20 employees and thus cover about 80 percent of all Danish industry.

The nice profit gains are due to a 12-percent increase in sales.

Danish Federation of Labor (LO) Chairman Knud Christensen said in a commentary that industrial leaders have not been able to fulfill their promise of a comparable rise in investments.

"Since 1979 wage and salary costs relative to sales have declined and, from 1983 to 1984 alone, this represents an increase in profits of about 1 billion kroner," said the LO chairman. "This shows that the union is fully justified in demanding profit-sharing and also that industry has not managed to fulfill its own promise of greater investments.

"Of course, it is excellent that investments rose by 2.4 billion kroner from 1983 to 1984, but when industrial leaders predicted an increase of 4 billion kroner a year ago last April, the 2.4 billion kroner must be viewed as disappointing," said Christensen, referring to the fact that wage earners had made "big concessions."

He added that while last year's profits were 240 percent higher than in 1980, investments only rose by 41 percent during the same period.

"Therefore, obligatory profit-sharing would be the only real guaranty that investments would be given more immediate attention," said the LO chairman, pointing to the fact that "industrial leaders have not been active enough in turning over the good possibilities."



Figures compiled by Danish Statistics also show that interest on private capital was 23.5 percent last year, compared to 23 percent the year before. Thus, interest on private capital in 1984 clearly exceeded the interest on bonds, for example.

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CSO: 3613/184

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# NEWSPAPER DISCOUNTS REPORTS OF INDUSTRY WORKERS SHORTAGE

Copenhagen AKTUELT in Danish 2 Aug 85 p 3

[Article by Henrik Skov: "Despite Progress and Reports of Manpower Shortages: Only 935 Jobs for 240,000 Unemployed"]

[Text] Copenhagen--Even though both the Employers' Federation and a number of firms within the steel, textile and furniture industries are complaining about the shortage of qualified workers, they still have only a few jobs to offer the 240,000 unemployed.

A fresh report from Denmark's Statistical Office points up the assertions of an extensive "paradoxical problem" in that firms lack people at the same time that thousands are unemployed. At the end of June employment offices across the entire country had 1699 vacant positions, and only 935 of these had been vacant for more than one week. The total steel industry had only 197 vacant positions, the textile industry 261 and the furniture industry 79. At the same time there were 240,000 registered unemployed.

## Upturn Has Not Created More Jobs

The figures also show that despite the upturn in industry, the employment offices do not have more jobs to offer. In May and June employers were seeking 28,562 new employees compared with 27,409 during the same months of the previous year. It takes somewhat longer to fill the positions than before.

In addition, the 935 positions is probably too high a figure. Previous investigations have shown that the employment offices are so busy filling the positions that the statistical work takes second place. Many of the 935 jobs have probably long been filled.

Nonetheless the Employers' Federation maintains that the "paradoxical problem" exists.

"Perhaps the problem is not so overwhelming on the national level, but when a manager in Viborg is short 10 journeymen, that is a problem," said office

manager Poul Erik Petersen in the labor department. "The debate about the paradoxical problem died out at the end of the 70's when the rapidly growing unemployment wiped out interest in it. But we know that a shortage of the right manpower in certain places can be an impediment to growth, and we have already, together with LO [Danish Trade Union Congress] been working for a long time to find solutions."

Poul Erik Petersen said that the problem is somewhat greater than the 935 vacant positions would indicate.

#### The 'Right' Employees Via Ads

"A large number of employers have been accustomed to getting employees with public support from the employment offices, while the 'right' employees are employed better through ads," he said. "It is a major task to change this concept. We and the LO want to strengthen the employment offices so that they can, in cooperation with the firms, better meet the needs. And the firms should notify the employment offices in advance of their future needs for personnel so that the unemployed can be trained. Perhaps the paradox is not so acute today, but it can become so. Therefore it is important to deal with it now."

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CSO: 3613/187

ECONOMIC

DENMARK

PRODUCTION OF LOGICAR TO START IN 1987 AT VIBORG PLANT

Copenhagen BERLINGSKE TIDENDE in Danish 7 Aug 85 Sect III pp 1, 2

[Article by Bo Jorgensen: "Danish Automobile Plant Now A Reality"]

[Text] Entrepreneurs of the Logicar project were guaranteed 55 million kroner at a meeting yesterday. The plant will be owned by a public corporation and production will begin next March.

Viborg will be the home of a new Danish automobile plant, which by 1987 will produce approximately 1,250 so-called Logicars. The plant will be owned by a public corporation with a provisional capital of 55 million kroner. Production will begin next March, creating 110 to 120 assembly jobs as well as a number of subcontracting jobs.

This was the result of a closed meeting in Tinghallen, Viborg yesterday, where the entrepreneurs of Logicar Inc succeeded in obtaining the necessary guarantees for 55 million kroner.

The meeting consisted of representatives from 50 of the largest enterprises in Denmark as well as representatives from the bigger investment companies.

Ib Langmach, marketing chief for Logicar Inc, did not yet want to reveal, however, who and how many guarantors are involved since they will be meeting to further discuss the development of the new, sensational automobile project in the next few days.

The outcome of yesterday's meeting was awaited with a great deal of suspense since the entrepreneurs of the project had said in advance that this would be the very last chance to keep the production on Danish soil.

The men behind the Logicar are B & O designer Jakob Jensen, manufacturer Johannes Pedersen of Viborg, automobile technician Niels Lauridsen of Kolding and marketing chief Ib Langmach.

"Yesterday was the absolute deadline and we are relieved that the project got so much backing," said Langmach.



"We have been working on this project for years without compensation and it has been difficult at times to keep our spirits up. Had we not succeeded in getting the necessary guarantees yesterday, we would have sold the car to one of several foreign producers anxiously waiting to get it," said Langmach.

Among the interested foreign producers was a Canadian automobile plant which specializes in small series production. Industrial interests in Tunis have also followed the project with great interest, hoping to eventually start the Logicar production there.

#### Difficult Final Stage for Logicar

English technicians and engineers will now go ahead with the final design, and the Cologne Ford plant is putting the finishing touches on the engine technology for the new Danish fiber-glass Logicar--the car with the advanced design and, to all appearances, the thoroughly tested technology is about to become a reality.

Apparently, the first series-produced Logicar will be rolling off the assembly line of a newly built automobile plant in Viborg by January 1987.

Since the distinctive and sensational fiber-glass car first took the world by storm at an automobile show in Frankfurt a couple of years ago, it has been almost helplessly stuck in the sand several times, most recently prior to the meeting in Viborg yesterday, where the entrepreneurs of the project finally succeeded in getting enough guarantees for the necessary 55 million kroner--and more. Had they not succeeded, the project would have been taken over by foreign producers, many of whom could see the possibilities inherent in the ingeniously simple construction.

The history of the car began when renowned designer Jakob Jensen amid his multiple duties for B & O and JTAS came up with the idea of a fiber-glass car, which could be adapted to most needs. And car manufacturers pointed to their foreheads and said "Yes, of course," when he submitted the prototype for his cigar-shaped automobile a few years ago.

Four models of the new Logicar will be produced, each with a fiber-glass body and a steel chassis. There is talk about a seven-passenger model, a station wagon, a delivery van and a three-passenger pickup truck.

#### Fifteen-Car Test Series

But although the capital base seems to have been established, the final stage will be difficult until the car is road-ready. The engine and the body will undergo final adaptation and thorough testing. "And it would be most surprising not to run into any problems along the way," remarked Logicar Inc marketing chief Ib Langmach.

A so-called zero series of 15 cars will be rolling off the assembly line as early as October next year. These cars will be used for various tests and for training assembly personnel.

The Logicar is specifically designed for a Ford Escort-model engine, and the Ford plant in Cologne has now almost completed the engine technology. According to plans, this is where the engine parts for the car will be produced.

Technicians and engineers with British International Automo Design (IAD) will be working on the final design until June of next year. A car will be produced with the ratio of 1:1, for example.

According to plans, construction of the new Viborg assembly plant will begin in March 1986. The size of the assembly portion of the plant will be 6,000 to 7,000 square meters, but the overall size of the plant may be twice as large. It came up at yesterday's meeting that a fiber-glass subcontractor may be interested in locating its production in the same plant. The assembly portion of the plant will employ 110 to 120 to start with, and the plan is to produce 1,250 cars in 1987. "This is no more than would eventually sell on the Danish market alone," said Langmach. The price of the car has not been finally established.

Logicar Inc now has a capital of 1.2 million kroner and, so far, the cost of building a prototype has been about 5 million. And this figure is expected to multiply before Danish motorists have a chance to buy the domestically-produced inexpensive and smart-looking car.

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CSO: 3613/184

ECONOMIC

DENMARK

## FARMERS' ORGANIZATION HEAD SEES SUBSIDIES AS CRUCIAL

### Concerned Over EC Policies

Copenhagen INFORMATION in Danish i Aug 85 p 12

[Article by Erik Alhoj: "Danish Agriculture Without Subsidy Is Utopia"]

[Text] The EC Commission wants to limit support for agricultural production. At the same time Danish agriculture is confronted with environmental investments in the billions. It is still not decided how much the farmers themselves will pay. But lower prices and higher costs can mean that still more farmers must abandon production, according to the president of the Agricultural Council, H.O.A. Kjeldsen. We visited him at home on his farm "Lerkenfeldt" in Vesthimmerland.

With his blue suit and his bureaucratic manner he reminds one most of all of an office manager in central administration. The top man in Danish agriculture, president of the Agricultural Council and chairman of the cooperative agricultural societies, landowner H.O.A. Kjeldsen does not show the same visible proof of an active farm life as do the two vice presidents of the Agricultural Council, chairman Christian Sorensen of the smallholders and chairman Thomas Jorgensen of the dairymen.

His atypical background, with training as a bookseller and aviation lieutenant, shines clearly through on five of the days of the week, when he can be found on Axelborg in Copenhagen or in the EC institutions in Brussels.

But one should not be misled by that. Kjeldsen enjoys getting dirt under his fingernails when he spends his weekends and his few days off at the family estate "Lerkenfeldt" at Ars in Vesthimmerland.

Here we met an involved farmer in paint-stained canvas work clothes--busy with practical problems such as cross-breeding of Jersey cattle and home blending of fodder for the 250 cattle on the 816 acre estate.

Kjeldsen's work with agricultural policy is motivated by a sincere involvement in practical agricultural problems. He is especially interested in cattle breeding.

"When I consider my background and how much knowledge of the trade I have derived from my service on the Agricultural Council, it was a fantastic declaration of confidence when two local farmers one afternoon in the autumn of 1971 came to me and recommended that I run for the chairmanship of the local farmers' association," said Kjeldsen with ill-concealed pride.

Thus began a lightning career in the large agricultural organizational apparatus: chairman of the Vesthimmerland Farmers' Association in 1971. Three years later chairman of the Jutland Farmers' Associations, chairman of the Danish Farmers' Associations and member of the presidium of the Agricultural Council in 1974. In 1979 he became the top man in Danish agriculture when he became president of the Agricultural Council--a post which he has held ever since.

### Perspectives

Comfortably seated behind a coffee cup in one of the stylish and well maintained small rooms of the estate, the serious Axelborg expression returns and emphasizes the serious perspectives for Danish agriculture in the coming years.

Every week about 50 farms are currently being closed in Denmark. But Kjeldsen fears that they will go even faster in the coming years.

On the one hand the Folketing, shortly before the summer vacation, approved forcing billions in investments on farmers to stem the pollution caused by natural fertilizers. And on the other hand the EC Commission, against the background of major problems with storage of surplus production and the resulting expenses, is studying ideas for reorganizing EC agricultural arrangements.

Kjeldsen believes that if the recommendations for lower prices are implemented, that can mean--in combination with the large expenses for environmental investments--that still more Danish farmers will go out of business.

### Environmental Investments

The Folketing has just resolved that something effective will be done for the large environmental problems, which are believed to be caused by the use of natural fertilizer in agriculture. The decision places a requirement for very large investments in the neighborhood of 3.5 billion kroner according to calculations by the Environmental Department.

Among other things, all farms with over 20 animals must in the future have a storage capacity for natural fertilizer of at least 6 months supply. That



means that many farmers must invest in new manure installations which must meet a number of other specified requirements.

Kjeldsen said that farmers are ready to be responsible protectors of the environment and acknowledged that "some things must be changed." Agriculture is therefore already solving the problems in different ways, he said. But he asked the parliament to proceed with caution.

"In the first place it is essential that the same environmental requirements be placed on the other EC countries so that we do not lose in competition. In the second place the small farmers cannot afford to finance these significant investments alone. It is still not decided how large a part of the expense the state will refund. But if agriculture does not get the same environmental support as other trades, many small farms will go out of operation, because they cannot afford the expenses," said Kjeldsen.

#### The Green Book

In June for the first time the EC Commission announced the so-called "Green Book"--a proposal for how the EC can change the agricultural arrangements so that surplus storage and the large resulting expenses will be less.

So far they are only ideas. But many strong forces--including the Danish Minister of Agriculture--support the proposals to advance alternative production, give ineffective farmers income support and limit EC support, so that farmers can adapt themselves to prices coming down to the lower world market prices.

Kjeldsen is very critical of most of the ideas of the EC Commission, because he believes they will force many effective farmers to cease production. But he also finds something positive in the Green Book:

"There are certain ideas which are correct, including the idea for advancing alternative agricultural production. I have already begun this with a rather significant production of rapeseed. It can be made into vegetable oil and protein, of which there is a shortage of production in the EC at the moment.

"The Commission also points out that agricultural products can be used as industrial products. For example we can turn grain storage into ethanol. If it replaces common gasoline, lead pollution from cars can be eliminated and there will be a significant environmental improvement.

"There is no doubt that European industry is interested in getting started with that kind of industrial processes based on plant products grown in Europe. That gives a very stable supply of raw materials."

#### Lower Prices

"What scares me in the Green Book is that they recommend a more restrictive or market oriented price policy. In this way, for example, they want to

reduce the price of grain. And they admit that some farmers will not be able to make it. They will help them to remain in the country by giving them direct income support.

"But then it gets dangerous. The income support will primarily be financed nationally. And we of course know that there is not much chance that the Danish Government will appropriate money for that.

"It is also unfavorable because we can be in a situation where effective Danish producers must submit to the low price, while at the same time, with the aid of income support, we maintain production at a number of ineffective farms.

"We must also expect that Danish farmers will be harder hit than their colleagues in the other EC countries if the ideas of the Commission become policy. Economists in the joint agricultural organization COOPA have calculated that a more market regulated price fixing is the hardest on the farmers who have large foreign capital and base their animal production on domestic feeds. And that is just the situation of the Danish farmer."

#### Liberalism

"Are not the large surplus stocks the result of the prices being too high, so that there is not a balance between supply and demand?

"The surplus is an indication that the agricultural arrangements have been a success. Consumers in the Common Market have had a secure supply of foods which they did not have previously. And the surplus stocks, which in spite of everything are only a few months' supply for most people, have given the consumers lower prices."

Kjeldsen agrees, however, that production should be limited of the products, for example grain and dairy products, of which too much is produced. But his personal belief, which he emphasizes is not yet official policy, is that production must be limited in another way. The restrictive price policy will push too many farmers out of production.

"My private opinion is that instead of being defeatist, we in EC must continue to invest in significant agricultural production and capture a reasonable part of the world market for general agricultural goods.

"Furthermore we should produce alternative products which we perhaps do not know about today, but which will no doubt play a major role in the future.

"Instead of limiting production by lowering prices, we should rather allow the effective producers to continue production, and in return let them take responsibility for too much production by charging them a responsibility fee.

"The income which results from this can aid in financing an alternative production which is more forward-looking."

The Americans have several times threatened EC with a trade war, because the American farmers believe that they are being defeated in competition by the EC-supported agricultural products from Europe. This threat has contributed to the EC Commission's recommendation that the prices on a number of EC agricultural products should follow world market prices.

"Obviously we will do what we can to avoid a trade war. But on the other hand we will not submit to everything that the Americans say. For to a certain extent they are responsible for their own problems. There is no place in the world where agricultural production has increased as much as in the United States. And the high dollar and the high American interest have given the Americans problems in selling their products.

"In the so-called GATT-negotiations the Americans have previously accepted the European market arrangements. And the American farmers have just as good support arrangements as the European farmers--better in some cases. Only they do not call it export arrangements."

#### Subsidies

"The problem is that you can never get a complete liberalization or market control in agriculture. That is utopia. The world market price for agricultural products is not the result of the free play of market forces. It is a competition between national treasuries. Every country supports its agriculture with state subsidies in order to guarantee the food supply and create employment. Therefore it is not useful for us in EC to abolish support arrangements and allow prices of agricultural products to align themselves according to market forces on the world market.

"I prefer to align myself as far as possible with the liberal way. But it is utopia to think that we can do it alone in the EC."

"Some claim that protectionism against the outside world has made EC farmers less productive?"

"That has not been the case in Denmark. Obviously some farmers have not gone along. But they are also paying for it. They have had to go out of business.

"Especially during the past 3 to 5 years, there has been a very large increase in vegetable production. We saw that last year, when we had the greatest domestic harvest ever. And also this year we will have a significant harvest, even though the weather has not been as good as it should."

#### No Alternative

"Are the advantages of EC, which Danish agriculture wanted in 1972, still in place if the recommendations of the Commission are approved?"

"It would naturally make the advantages less. But if we had not gone into EC in 1972, Danish agriculture would have been decimated as a business, and it would only produce for the domestic market--with negative consequences for employment and the trade balance. It is of course the case that one-third of our foreign exchange earnings and one-fourth of our employment and our production depends on agriculture.

"And there is still no alternative to EC. So when I am critical of the recommendations of the Commission, it is not because I believe we should leave the community, but on the contrary because we as members have influence which we in COOPA must use to make alternative proposals which will be less damaging for the structure and business of agriculture. I do not believe that anyone wants to carry out such drastic changes as to significantly change the agricultural structure."

#### 70,000 Farms

"How will the environmental investments and the lower prices--if they are put into effect--influence agriculture structure in Denmark until the year 2000?"

"I am so optimistic that I believe that the predictions of the Farmers' Associations are still valid. They say that in the year 2000 there will be about 70,000 farms, of which 30,000 will be full-time farms and 40,000 will be part-time farms. At the present time there are about 100,000 farms, of which half are part-time farms."

"Therefore there is not only room for large industrialized farms?"

"No. Decidedly not. It is essential to maintain that the advantages for big business are not in the primary farms, but in combined activities such as the meat packing houses and dairies, etc.

"We can see in the accounting results that the most efficient farms are those based on the family--those in which the family is the primary manpower.

"The smaller farms with balanced production are very competitive in relation to the larger farms, which depend on foreign labor. We have of course seen examples of some farms getting too large.

"Therefore the farmers' associations and smallholders are agreed that we must retain as many as possible of the smaller farms."

#### Private Ownership

"Some have proposed transforming agriculture into companies, because mechanization is too expensive for many farmers. Is that necessary?"

"No, I do not believe so. By far the most craftsmen and tradesmen activities are still one-man activities, and agriculture will also continue to be based on that.



"The trouble has been that we have had laws which have favored the companies. But it appears that is being corrected now with the new tax reform. When the crisis was so serious, it was because of the hard taxes that we have had in Danish agriculture. It has been almost impossible for a young man to start with a small farm and later exchange it for a bigger one. There were too many tax consequences. Therefore many young men have been forced to purchase their 'final farm' at once, with bad results."

"Some think that the problems of agriculture can be solved by joint-stock companies, others think that the state should intervene with support in exchange for participating in ownership rights. The smallholders chairman, Christian Sorensen, said that he prefers the latter. Which do you prefer?"

"Neither. No form of ownership can compete with private ownership. One can see this, for example, in East Europe and China, where productivity is much lower than here, and where little by little they are opening up for private ownership."

#### Financing Reform

Kjeldsen does not have much to say about the new financing reform, which was sponsored by the Smallholders Association, and which last year was carried on outside the government. He believes that most smallholders would be better off using the debt reorganization law, which still exists. Therefore he has no idea how many smallholders will utilize the new state-supported index loan in the reform. He points out, however, that new rules have been made available to smallholders for tax arbitration. And that was not the intention.

"Do you prefer a nonsocialist government over a social democratic?"

"We have previously seen good results under social democratic governments. But as to general policies, the nonsocialist governments have lowered the interest rates and inflation, which gave agriculture more than social democratic policies did."

#### Fresh Goods Terminals

"When there are prospects of higher costs and lower prices it must bother agriculture that privately owned dairy companies are again fighting over fresh goods distribution instead of using one fresh goods terminal, as was the original intention?"

"Yes, that is a very unfortunate development. And it is doubly annoying that in addition to FDB and Dansk Supermarked, the privately owned firms Klovermaelk and Mejeriselskabet Danmark are competing with their own fresh goods systems.

I was an advocate of the original privately owned terminal system--which came to nothing. The background was that we farmers want to control the products

that we produce as far as possible to the consumers. From the ground to the table, we often say.

"There are so many good prospects in the idea of the fresh goods terminals. Primarily it is efficient, because the many small deliveries out to each shop are avoided. But the smaller buyers and co-ops also derive benefits from the system, because they can get fresh goods every day, which they could not count on before.

"In addition a neutral privately owned fresh goods system could open out into northern Germany, so we could have penetration and competition around Hamburg and Bremen and win a part of the German market.

"But now the whole thing has been mismanaged. In the first place because the competing fresh goods systems have few resources, so it is only the farmers who pay. In the second place because the market chains, in the name of competition, can press their processing activity so hard that they compromise with quality--meaning that in making a sausage they use less meat in order to get the price down. We know that this happens. We are very much against the good pure raw materials which we deliver to the supermarkets ending up as a fraction of competitive goods."

#### Reduction in Farm Numbers

Copenhagen INFORMATION in Danish 2 Aug 85 p 1

[Article by Erik Alhoj: "Every Fourth Farm Closed Before 1995"]

[Text] The drastic structural changes are the result of technological development.

Danish agriculture is undergoing rapid structural change which must be expected to reduce the number of businesses by about 25 percent to 70,000 by 1995.

Another way of saying it is that at least 50 farmers must cease production every week of the coming 10 years. That means that employment in agriculture will fall to about 75,000 full-time workers compared with 114,000 in 1983.

This information comes from a forecast of structural changes in agriculture recently put out by the State Agricultural Economic Institute.

According to the report the number of milk cows will decline from over 35,000 to 20,000 in 1995. The number of swine businesses will decline by one-half. And the tendency for fewer and larger production units in poultry production will also continue, in that expansion will mainly take place in the larger establishments.

The Agricultural Economic Institute believes that the structural changes are a result of technological development which makes it economically advantageous

to produce in larger units. These advantages for large businesses are reinforced also by the existing tax system, according to the institute.

All in all the report proves that while in the 1960's there was only a small difference in profitability, the earning power now per hectare is more than three times as large in the big businesses as in the small.

The Agricultural Economic Institute does not believe that the structural changes will necessarily destroy the basic foundation of local communities, as there are many who will buy up the closed farms.

"That assumes, however, that the recommendations to liberalize the right to acquire farmland for dwelling purposes becomes a reality," writes the institute.

It also assumes that larger livestock production units can affect environmental conditions in such a way as to limit pollution.

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ECONOMIC

ICELAND

FOREIGN LOAN SITUATION, EMPLOYMENT, INFLATION IMPROVING

Overview of Foreign Loans

Reykjavik MORGUNBLADID in Icelandic 20 Jun 85 p 2

[Article: "Foreign Loans 7.1 Billion Kronur"]

[Text] The Loan Budget was approved as an Althing law in the lower house last Tuesday.

Heildaryfirlit um innlendar og erlendar lántökur 1985  
(millj. kr.)

	Sala spari- skírteina	(1) Verðbréfa kaup bankanna	(2) Lífeyris- sjóðir	Önnur innlend fjárfestir	(4) Erlend lán	(5) Heildar- lántökur
	(7)	(8)	(9)	(10)	(11)	(12)
I Opnberir aðilar	400	—	—	380	3 781	4 561
Ríkissjóður, A-hluti	400	—	—	200	926	1 526
Ríkissjóður, B-hluti	—	—	—	180	1 114	1 294
Fyrirtæki með eignaraðild ríkissjóðs	—	—	—	—	1 415	1 415
Sveitarfélög	—	—	—	—	326	326
II Húsbyggingarsjóðir	—	—	1 045	188	553	1 786
Byggingarsjóður ríkisins	—	—	700	188	553	1 441
Byggingarsjóður verkamanna	—	—	345	—	—	345
III Lánastofnanir	—	200	180	—	1 262	1 642
Framkvæmdasjóður	—	200	150	—	1 092	1 442
Iðnþróunarsjóður	—	—	—	—	50	50
Stofnlánadeild landbúnaðarins	—	—	30	—	—	30
Útflutningslánaðs	—	—	—	—	120	120
IV Atvinnufyrirtæki	—	—	—	—	1 600	1 600
Ósundurlíðað	—	—	—	—	1 600	1 600
Heildarfjárfestir (I-IV)	400	200	1 225	568	7 196	9 589

Heimild: Fjárlaga- og hagsýslustofnun.

Table 1: Total Domestic and Foreign Loans in 1985 (in Billions of Kronur)



**Key:**

- |                           |                                 |
|---------------------------|---------------------------------|
| 1. Sale of Savings Bonds  | 2. Sales of Securities by Banks |
| 3. Annuity Funds          | 4. Other Domestic Loan Sources  |
| 5. Foreign Loans          | 6. Total Loans                  |
| 7. Public Components      | 8. Treasury, A-Portion          |
| 9. Treasury, B-Portion    | 10. State Ownership Companies   |
| 11. Housing Const. Fund   | 12. State Building Fund         |
| 13. Workman's Build. Fund | 14. Credit Institutions         |
| 15. Investment Fund       | 16. Industrial Devel. Fund      |
| 17. Agri. Base Loan Div.  | 18. Export Loan Fund            |
| 19. Commercial Companies  | 20. In General                  |
| 21. Total Financial Needs | 22. Communities                 |

**Source:** Budget and Rationalization Institute

As can be seen from Table 1, total loans will be around 9.4 billion kronur, including 7.1 billion kronur of foreign loans.

**Foreign Debt Drops**

Reykjavik MORGUNBLADID in Icelandic 5 Jul 85 p 56

[Article: "Foreign Debt Down by 60 Percent"]

[Text] The new system for making national economy calculations, now being given a final polishing by the Icelandic Economic Institute, will, among other things, have the result that the debt proportion of national product will decline from what it is now. Foreign debts now amount to around 63 percent of national product but soon that figure will decline to 60 percent with the aid of the new system of calculations. The new system, however, changes in no way the actual condition of the national economy and the payments burden. The proportion of export income that goes for the payment of interest and loans does not change.

Jon Sigurdsson, chief of the Icelandic Economic Institute, said yesterday that the Economic Institute has been working with the new system of economic calculations for several years and that it was created for international standarization. "We are basing our calculations, among other things, on more sources than before, for example, revised base figures extending decades or more back in time. Among them can be found information on the accounting and competence of companies, the so-called production side, likewise information on trade, domestic commerce, the so-called supply side, and finally income tax returns of individuals and companies, that is, the income distribution side."

## Two-year High Employment

Reykjavik MORGUNBLADID in Icelandic 11 Jul 85 p 3

[Article: "Employment Better than Last Two Years"]

[Text] June unemployment was 2,000 days of unemployment less than in May and 4,000 days of unemployment less than in June of 1984. There were a total of approximately 14,000 days of unemployment in all of Iceland in June, equivalent to 600 persons unemployed for the entire month and signifying .5 percent unemployment in terms of the total labor force.

These figures are from a news release issued by the Employment Office of the Ministry of Social Services. The news release says also that 65 percent of unemployment in June was among women and that half of registered days of unemployment were in the capital district. "For this reason it may be concluded that the shutdown of the largest freezer company in Reykjavik, whereby its employees were without wages for a month, had a substantial impact upon registered unemployment in Iceland."

Some 181,000 days of unemployment were registered during the first six months of this year, equivalent to 1,400 persons unemployed on the average or 1.2 percent of the estimated labor force. During the same period last year, by comparison, registered days of unemployment were 246,000 equivalent to 1,900 persons unemployed, i.e. 1.6 percent of the labor force. Employment is thus better so far this year than it was during the past two years, "but there is labor shortage in some occupations, primarily in fisheries. The fact that, in spite of the improved employment, 14,000 days of unemployment were registered is to a large degree due to the fact that some fishing companies have put their workers on leave without pay due to a shortage of raw materials. In some circumstances those working in fisheries have a right to unemployment compensation if they sign up with employment agencies while they are on unpaid leave but have a job with their employers again when the unpaid leave ends. Thus it is not to be expected that those thus placed on leave will compensate for labor shortage with other employers," it was also stated in the news release.

## Inflation Picture Examined

Reykjavik MORGUNBLADID in Icelandic 17 Jul 85 p 9

[Commentary by Staksteinar "The Most Harmful Pestilence"]

[Text] Inflation is clearly a most harmful pestilence that has taken up residence in Icelandic society, although there have been many other things of the sort, not the least the extremely large foreign trade deficit and foreign debt, which is piling up and is reducing living standards in Iceland for the present and will be

doing so in the immediate future. Staksteinar will dwell a little on inflation today. Table 1 below shows inflation at the beginning of 1983, at the end of the "ministerial socialism" of the People's Alliance, and its subsequent development through the latest wage agreements. Rates of inflation for the near future will depend upon developments in the labor market and upon how exchange rates for the krona are set. Monetary and credit policy is extremely influential in this area.

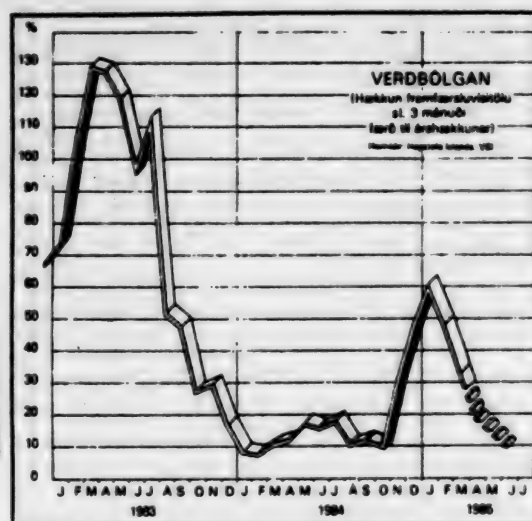


Table 1: Inflation 1983-1986 (Quarterly Increase of Index Figures Converted to an Annual Basis Figures from the National Economic Institute)

### Super Inflation and Its Causes

There was stability in prices and in Iceland's economy during the entire Era of Recuperation, 1959-1971, for nearly 12 years, in spite of the pressure of external jolts. Inflation was around or under 10 percent a year, sometimes well below this figure. The Icelandic standard of living grew slowly rather than abruptly. Purchasing power increases did not disappear entirely in price increases. The operating bases of the occupations was relatively good.

The year 1971 was watershed in the history of Icelandic inflation. In that year the leftist government took office (1971-1973). That year started the inflation that has since dislocated Icelandic employment and economic life. The rightist government (1974-1978) brought inflation down to 30 percent in 1976 but the unreasonable wage agreements of 1977 (the so-called Solstice Agreements) started the cycle of inflation again. The leftist parties took control again from 1978 to 1983 and for the first four of these years

inflation was up to 130 percent a year and would have grown, without countermeasures, up as much as another 100 percent by the end of the year.

The economic measures of the present government have involved a drastic decrease in inflation, although it has somewhat abated in recent months.

### Results of Super Inflation

Inflation dislocated the foundations of Icelandic employment and economic life. It particularly undermined exports. The competitive position of Icelandic export production became almost nothing. It had to endure a 100-percent cost increase in a year at the same time that prices and costs were nearly stable in our competitor and market countries. The situation was such at the beginning of 1983—after fisheries had operated at a loss for a year, returned to their owners and accumulated debts—that there was the prospect of a massive shutdown of companies and extensive unemployment if things did not change. Inflation "burned up" almost all savings in the country. People who had put aside money for retirement found themselves empty-handed, with worthless money.

Domestic money savings were exhausted in a few months. Icelandic occupations, which until now had relied upon domestic financial help, became increasingly dependent upon foreign financing. Inflation encouraged consumption (trade deficit). People considered it right to use their money immediately since less would be obtained for it tomorrow and nearly nothing the day after.

A new way of making a profit originated: inflation profiteering. It was the only thing that guaranteed money in a time of inflation. The entire public sat long in the face. "The purchasing power increases" that were achieved were consumed forthwith, so to speak, in the fires of inflation.

The rate of exchange of the Icelandic krona and its value fell continuously and tumbled from day to day. In the end 100 old kronur were turned into one new krona. Now the new krona has also become worthless to a large degree.

To be sure we are now in a better position, as far as inflation is concerned, than in the beginning of 1985. But caution is needed if we are not to get in the same fix again.

### Words of Caution

When the People's Alliance sat in the government during the inflation years, cautious members of the party warned against mishaps. In 1979 (January) Ragnar Arnalds said: "Indeed, it is true, it is my opinion that we should work towards agreement on changes in the present indexing system, but I am unwilling, however, to go into detail about what could result from such changes. I think, however, such changes should involve, among other things, taking the balance of trade and import value into consideration . . ."

Ludvik Josepsson said something similar. Unfortunately, lack of foresight ruled.



### Moderate Inflation Growth

Reykjavik MORGUNFLADID in Icelandic 11 Jul 85 p 2

[Article: "Cost of Living Index Increases by 2.41 Percent"]

[Text] The increase in the cost of living index from June to July turned out to be 2.41 percent. The increase was mostly due to increases in operating costs of vehicles for indexing base figures of 1 percent, of which 0.8 percent was due to increases in the price of gasoline. Some 0.6 percent of the increase was due to increases in food prices, and the difference of the increase compared to other categories.

This increase means a 33-percent rate of inflation for the entire year. The increase for the last 3 months, which should more properly be used to calculate inflation for the entire year, was 6.5 percent, equivalent to a 28.5-percent rate of inflation, according to Hallgrmmur Snorrason, chief of the Icelandic Economic Institute. Changes in the cost of living index from July last year are equivalent to a 31.7-percent rate of inflation.

### Poll on Economic Concerns

Reykjavik MORGUNBLADID in Icelandic 19 Jul 85 p 2

[Article: "Economic Situation--Inflation"]

[Text] The Economic situation, inflation and overconsumption are the major problems of Iceland according to the results of a Hagvang public opinion poll from the beginning of last month. In the May poll, 10.9 percent considered the economic situation Iceland's most important problem compared to 17.9 percent now. In the May poll, 12.6 percent considered inflation Iceland's most important problem compared to 14.8 percent now. In the earlier poll, 10.6 percent thought that overconsumption was the most important problem compared to 9.7 percent now.

The following things were cited as the most improtant Icelandic problem. Figures in parentheses show the results of the May poll.

The Economic Situation . . . . .	17.9 (10.9) percent
Inflation . . . . .	14.8 (12.6) percent
Overconsumption . . . . .	9.7 (10.6) percent
Low Wages . . . . .	8.7 (12.0) percent
Alcohol and Narcotics . . . . .	6.0 ( 8.0) percent
Debt . . . . .	5.6 ( 3.3) percent

"Do you think it possible to solve this problem in the next few years?" This question was answered as follows:

To a Great Degree . . . . .	36.6 percent
To Some Degree . . . . .	31.1 percent
To a Small Degree . . . . .	17.0 percent
To No Degree . . . . .	10.6 percent
Do Not Know . . . . .	4.7 percent

#### Internal Debt Viewed

Reykjavik MORGUNBLADID in Icelandic Sect B p 1

[Article: "Icelandic State Bank Debt 3.9 Billion Kronur"]

[Text] State Bank Debt of the A-Portion of the treasury amounted to around 3.9 billion kronur at the beginning of last month and increased by 400 million kronur from the previous month. The debt increase since the beginning of the year is around 2.7 billion kronur. At that time the State Bank Debt of the treasury was around 1.2 billion kronur.

According to Mas Gudmundsson, Central Bank economist, the treasury debt generally increases during the first part of the year and decreases during the latter half. A portion of the debt increase at present is attributed to that. Also, the budget was moved out of the Althing comparatively late and when the foreign loans of the treasury arrive the position of the treasury against the Central Bank will improve.

Last year the situation was such that by the end of May treasury debt had increased by around 937 million kronur from the beginning of the year and the total increase during the year was barely 2.3 billion kronur. Last year debt decreased substantially in June, extraordinarily early. The situation then was that demand grew greatly and therewith treasury tax collections. Much, on the other hand, indicates that the inclination of the people to save has increased, deposits in banks have grown and people are spending less money on goods and imports than before. That means that tax collections, at least temporarily, will fall.

The cash position of savings and loan institutions was 1.9 billion kronur in the red at the beginning of last month. According to Svein Sigurdsson, of the Central Bank Economic Division, their cash position has improved according to provisional figures, by around 200 million kronur in June over the previous month. Deposits grew by 1.4 billion kronur from May to June and loans by 714 million kronur. Loans have increased by 13.4 percent since the beginning of the year or by around 4 billion kronur. Deposits have increased by 28.2 percent or by 7 billion kronur, with calculated interest increases. Total deposits including estimated calculated interest increases at the beginning of last month were 32.8 billion kronur against 33.565 billion kronur in loans.

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# NEW DOLLAR LOAN FLOATED TO RETIRE OLDER DEBTS

Reykjavik MORGUNBLADID in Icelandic 21 Jun 85 p 48

[Article: "125 Million Dollar Loan to Pay Old Loans and Interest"]

[Text] Yesterday, June 20, the minister of finance signed an agreement for a \$125 million loan that has been floated on the international market in London. This amount is equivalent to 5.2 billion kronur. The interest is variable in accordance with the market interest in dollars in London which is now 7.9375 percent plus 0.125 percent. Iceland has not borrowed on this market on such good credit terms before, i.e., with such little difference in interest between banks in London, according to a news release from the Ministry of Finance.

It is also stated in the news release:

"This is a 15-year loan with buyer's redemption right in 10-12 years and Treasury's right to give notice of termination after the end of the third year of the credit period. At least \$65 million of this loan will be used to pay off older uneconomical loans and to reduce the state interest expenses by about \$126,000, or about 9.5 million kronur a year. In other respects, the loan will be used in accordance with the new 1985 credit budget that has just been approved.

The loan was circulated on June 4 by the Bank of America International Limited in London and was immediately well received on the market. About 30 banks in Europe, the United States and Japan handled the sale of the securities. The loan amount will be paid July 11 and the portion of the loan that is not to be used for repaying older loans will be used in accordance with the newly approved credit budget."

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ECONOMIC

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# PAPER VIEWS TRADE DEFICIT, FOREIGN DEBT PROBLEMS

Reykjavik MORGUNBLADID in Icelandic 30 Jul 85 p 26

[Editorial: "We are Progressing"]

[Text] There are still black clouds looming on the horizon of Icelandic labor and economic affairs:

- foreign trade deficit that grew considerably last year;
- foreign debt cuts deeply into the nation's standard of living;
- inflation damages the competitiveness of Icelandic production;
- slow economic growth that hampers the improvement of wages and benefits in the country.

According to sources in an article by Central Bank Director Johannes Nordal in the last issue of the Financial Gazette, the trade deficit increased by 2.4 percent of the 1983 national production to 6 percent in 1984, or to 4.13 billion kronur. Included in the revenue is a 2.766 billion kronur return from the Iceland Defense Force last year. Without that income, the trade deficit would have been close to 7 billion kronur.

Foreign debt, which was 36.7 percent of the 1981 national production, amounted to 52.3 billion kronur at the end of last year, or 61.9 percent of the GNP. Most of the trade deficit in the last year has been balanced with foreign borrowing. The credit burden has also increased more than the increase of the debt indicated in foreign currency due to decreased national production and the increased cost of foreign currency, especially the U.S. dollar, beyond the increase in the price of our production.

The rate of inflation which was about 130 percent during the first quarter of 1983, was down to 15 percent before the end of that year. This sudden decrease in the inflation led to some stability in our industrial and economic life which had an extensive and positive effect. Last fall the winds suddenly turned with wage increases and lowered exchange rates and the inflation went up to 50 percent temporarily. The inflation has admittedly gone down again and will be between 20-30 percent, with everything being unchanged, later in the year. Nonetheless, this inflation damages the competitiveness of Icelandic production both at home and abroad and hampers the growth and technological progress of our industries.



The average GNP increase during the last 10 years, 1975-1984, was only 1.5 percent a year, and the annual growth of national income per person only 0.3 percent. This is a very serious change for the worse, and the average GNP was three times higher during the 10 years prior to that, or 4.7 percent, and the growth of national income per person was 4.2 percent. The negative trend during the last 10 years considerably constrained the possibilities of strengthening general services in the country, increasing the buying power and the ability to solve the problem of distribution of income.

Despite the black clouds that have been discussed here, there is a break in these clouds here and there in the state and national economy. Here are some examples:

Inflation has gone down considerably and may continue to go down if the nation remains on guard. The last general contracts between the parties in the labor market indicate that there is a growing understanding for the necessity of a national effort to get ourselves out of the crisis fetters of the past years. The shrinking of the inflation strengthens the operational security of businesses and employment security.

The GNP increased by 2.7 percent in 1984 compared with a 5.5 percent reduction in 1983 and a 1.5 percent reduction in 1982. It is important to strengthen and diversify industry and increase economic growth in the country, which is the prerequisite for realistic wage and benefit improvement.

In 1983 there was a considerable deficit in the national economy which manifested itself, among other things, in the government's debt accumulation. However, there was a revenue surplus in the treasury in 1984. The 1985 budget, however, assumes expenditures to exceed revenue, as the proportion of taxes to national income has been lowered. However, the objective has strictly been to reduce state activities and government expenditures which ultimately are supported by taxation of the public.

Domestic savings, which was almost a thing of the past, has increased in recent months. From the turn of the year until the end of June 1985, general bank deposits have increased by 28.2 percent, or 7 billion kronur and loans by 13.4 percent, or 4 billion kronur. It is extremely important to strengthen domestic savings. Domestic savings strengthen the economic security of the individual. Domestic savings work against trade deficit. Domestic savings cause domestic industry to be less dependent upon foreign credit (savings), but the credit burden of foreign loans in fact means enormous transfer of funds out of the country.

We still have a long way to go to get out of these difficulties which lodged themselves in Icelandic industrial and economic life during the seventies and as late as 1983. We have, however, made some progress, despite much disagreement and several wrong steps. The way out of the crisis and the problems would, however, be much easier if we would take steps to bring the arrangement of industrial affairs, trade affairs and financial affairs in the direction of greater liberalism. We would then sooner be able to reach the objective of making our national economy competitive and provide living conditions that are parallel to the conditions that our neighboring nations enjoy.

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NEW TRADE AGREEMENT WITH USSR SIGNED IN MOSCOW

Trade Minister on Issues

Reykjavik MORGUNBLADID in Icelandic 21 Jun 85 p 48

[Article: "Commerce Minister Matthias A. Mathiesen to Moscow: Will Sign a Trade Agreement with the Soviets"]

[Text] "I will sign a 5-year trade agreement with the Soviet Union in Moscow on Monday," said Minister of Commerce Matthias A. Mathiesen in an interview with MORGUNBLADID reporter yesterday when he was asked whether the fact that negotiations between the Iceland Herring Board and the Soviets being held in Moscow have broken off would have any effect on the signing of the trade agreement. The minister left for Moscow late yesterday afternoon.

Mathiesen said that it is, of course, a serious matter if it does not prove possible to reach an agreement to sell the Soviets salted herring. However, this is a matter for the Iceland Herring Board and not for him and he has nothing to do with the trade agreement with the Soviets, which covers numerous types of merchandise and involves a trade exchange between the countries.

"It is, of course, serious news if the price of salted herring collapses," said Prime Minister Steingrímur Hermannsson when he was asked his opinion on the current status of matters in Moscow after the Iceland Herring Board had broken off negotiations with the Soviets. Prime Minister Hermannsson said that there are nations which subsidize their fisheries that are underbidding us in an extremely harmful manner--Norway and Canada."

When he was asked whether we had any answers to the Soviet demands that we greatly drop the price of salted herring, the prime minister said: "There is, of course, much more in the 5-year trade agreement that Mathiesen went to sign than herring, such as all fish products, industrial goods, marine products and so on. We can, of course, refuse to buy oil from the Soviets but as I understand it, the Soviets must begin to import oil, so I don't think that we can put much pressure on them by that kind of a threat."

Soviets First Wanted Less

Reykjavik MORGUNBLADID in Icelandic 22 Jun 85 p 48

[Article: "Gunnar Flovenz On Soviet Position on Herring Agreement: 'We Must Review All Trade With the Soviet Union'; Norwegian Underbidding Good Example of Corruption in Government Subsidy System"]

[Text] Yesterday, ongoing negotiations that have been taking place in Moscow on the advance sale of salted herring that will be produced in the coming seasons broke off. The Soviets demanded a 45 percent reduction in the sales price, as well as various changes in the agreement provisions that are unfavorable for Iceland.

As an argument for the request for price reduction, the Soviets have submitted signed sales agreements which they have recently made with our main competitors for 50 percent lower sales price than the Iceland Herring Board negotiated with the Soviets last year.

"We have informed the minister of fisheries and the Ministry of Commerce in detail about the situation and I do not feel that it is appropriate to elaborate on all points of the matter at this time, as the minister of commerce is expected to arrive here on Monday to sign a 5-year trade agreement that was negotiated this April, if in fact it will be signed after what has happened here in recent days.

It is of great importance that we can always keep our head high no matter which nations are involved," said Gunnar Flovenz, managing director of the Iceland Herring Board in a telephone interview with MORGUNBLADID yesterday evening.

Flovenz said, however, that the reports that the Iceland Herring Board had sent to the Ministry of Commerce and to the minister of fisheries are no secret and that it is imperative that the people in the country should realize the "trade morale" of the governments of our competitors, as well as the changes that seem to have taken place in the attitude of the Soviet Union on buying salted herring from Iceland.

Flovenz said that the Soviets had told the Icelandic negotiating delegation that a Norwegian negotiating delegation was also in Moscow trying to sell salted herring, and that the Norwegians had declared at a meeting before the negotiations began, that the Norwegians would always be prepared to offer a 20-25 percent lower price than the Icelanders. "This is a good example of the corruption the government subsidy system has caused in Norway," said Gunnar Flovenz.

Flovenz said that the Icelandic negotiating delegation had a booked flight from Moscow last evening but after a telephone conversation which he and Oskar Vigfusson, chairman of the Federation of Icelandic Seamen's Unions, had with Minister of Fisheries Halldor Asgrimsson yesterday, it had been decided that the Icelandic negotiating delegation would await the arrival of the minister of commerce in Moscow. Flovenz said in conclusion that salted herring now comprises the main bulk of Iceland-Soviet trade. If the Soviets do not change their attitude now, Iceland will be forced to review all trade relations between the two countries.

When the negotiations broke off, the Soviets had changed their price reduction demands from 45 percent to 22 percent, but that price reduction was totally rejected by the Icelandic negotiating delegation.

#### Soviets Agree on Fish

Reykjavik MORGUNBLADID in Icelandic 25 Jun 85 p 60

[Article: "Largest Agreement on Salted Herring with Soviets Signed Today: Soviets Lower Their Demands Considerably. Five-Year Framework Agreement Between Countries Also Signed"]

[Text] There is every indication that an agreement on the sale of herring to the Soviet Union has been reached and will be signed before noon today. An agreement about price, quantity and processing methods had been reached yesterday. This time, 200,000 barrels will be sold to the Soviet Union, which is 15,000 more barrels than was sold to the Soviets last year and this the largest quantity ever. The price is lower than last year, but it is clear that the Soviets have lowered their price reduction demands considerably. They had demanded a 22 percent price reduction but the Icelanders offered 10 percent. Both the Norwegians and the Canadians underbid the price of salted herring to the Soviet Union by an enormous percentage.

"This morning, I and Permanent Under Secretary Thorhallur Tryggvason, Ambassador Pall Asgeir Tryggvason and Jon Ogmundur Thormodsson, division chief in the Ministry of Commerce, had talks with the Soviet Deputy Minister of Trade and the chairman and deputy chairman of a trade committee for Iceland. Those talks led to resumed talks later in the afternoon between the Iceland Herring Board and Protintorg, the party that is buying the herring here in the Soviet Union. An agreement was reached on all the main points this evening," said Minister of Commerce Matthias A. Mathiesen in a conversation with MORGUNBLADID last evening. The minister is in the Soviet Union to sign a framework agreement on trade between the countries during the next 5 years, 1986-1990. The agreement was negotiated here in Iceland this April by the trade committees of Iceland and the Soviet Union. This agreement will also be signed before noon today.

During the latter part of yesterday, the minister of commerce had talks with 1st Deputy Chairman Arkhipov and he said that all these talks had been very positive.

"I am convinced that the discussions that took place during our meeting this morning and the argumentations that were presented, as well as the firmness of the Iceland Herring Board delegation, made it possible to reach this agreement. This is without a doubt an extremely satisfactory trade agreement on the sale of herring for Iceland," Commerce Minister Mathiesen added.



Fish Purchase Agreement Signed

Reykjavik MORGUNBLADID in Icelandic 26 Jun 85 p 2

[Article: "'Agreement Signed in Moscow Yesterday: Increased Soviet Purchase of Canned Food and Frozen Whole Fish,' Said Minister of Commerce Matthias A. Mathiesen"]

[Text] A 5-year trade agreement between Iceland and the Soviet Union was signed in Moscow yesterday morning. The minister of commerce of both countries, Matthias A. Mathiesen and Nikolai S. Patoliechev, signed the agreement as soon as the agreement between the Iceland Herring Board and Prodintorg on the sale of 200,000 barrels of herring to the Soviets had been signed. The herring sales agreement stipulates that the Soviets will get the herring for a price 13 percent lower than they bought it for last year: Originally the Soviets demanded a 45 percent price reduction.

"After discussions with the Soviet deputy minister of commerce, the minister of commerce and the deputy chairman, the negotiations between the Iceland Herring Board and the Soviets resumed," said Matthias A. Mathiesen in a conversation with MORGUNBLADID yesterday, "and late yesterday afternoon it was clear that an agreement would be reached."

Mathiesen said that hard work had been put into reaching the agreement on the herring sales after he arrived in Moscow. "I think that the Iceland Herring Board and its managing director realized what was at stake here and thus an understanding about the necessity to reach an agreement was formed."

Mathiesen was asked whether anything new had been included in this new 5-year trade agreement between the countries to which he answered: "We requested that the Soviets would consider increased purchase of canned food this year, as well as requesting that they would buy more whole frozen fish. Both these requests are being considered but it is safe to say that both these requests were received in a positive manner."

Mathiesen said that the atmosphere in the negotiations in which he participated had been very positive and that he in fact had been taken quite by surprise when the herring negotiations broke off, as the negotiations that took place here at home last April had been very positive. The outcome at that time had been in our favor.

"The way the situation is now, I think that we have reached a favorable trade agreement with the Soviet Union," said the minister of commerce, "as there is a great quantity of herring being sold now and a greater quantity of frozen fish in this 5-year agreement."

The main quotas for goods that will be sold to the Soviet Union will increase considerably. For example, the quota for frozen fillets will be 20-25,000 tons instead of 12-17,000 tons and the same applies to the herring quota. The quota

for woolen goods will increase from 4-4.9 million dollars to 5-6.5 million dollars. The main purchase from the Soviet Union is oil products and that trade is estimated to be similar to what it was in past years. It is estimated that the trade deficit with the Soviet Union will be decreasing under this new agreement, but there has been some trade deficit since the oil prices started to increase in the seventies.

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CSO: 3626/46

ENERGY

FRANCE

# SUPERPHENIX PROFITABILITY DEPENDS ON URANIUM SUPPLY

Paris LIBERATION in French 27-28 Jul 85 p 15

[Article by Sophie Seroussi: "Superphenix: A Time for Decisions"]

[Text] The Superphenix breeder-reactor power plant at Creys-Malville will be placed in service by the end of the year. A controversial project whose profitability will depend on the vagaries of uranium prices, the fast-neutron power plant will have one year to prove itself.

As fuel is being loaded into the Superphenix reactor at Creys-Malville, will the French breeder reactor system rise from its ashes now that uranium prices have suddenly increased? According to the vice-president of the state-owned Saskatchewan Mining Development company, "after years of low prices, the world uranium market is changing course." This statement was made after a contract estimated at \$250 million was signed with the Japanese company Kyushu Electric Power Corp. The sale of uranium is said to have been negotiated at an average price of \$41 per pound, i.e. twice the present average price (between \$15 and 25).

This rumor, which expert uranium traders are greeting cautiously, is likely to delight staunch supporters of nuclear power. It justifies the most controversial technical decision made in the past 10 years: the construction of breeder reactors... At the time, experts were predicting a shortage of natural uranium, the basic fuel of power plants, in the intermediate term. And an ore shortage would have compromised the whole French electronuclear program. The Atomic Energy Commission (CEA) then put forward the--theoretical--advantages of breeder-reactor power plants, the so-called fast-neutron power plants. These will "burn" plutonium 239 instead of uranium 235. In addition, reactors of this type will produce 20 percent more plutonium than they consume. That means perpetual energy, the panacea in a time of energy crisis.

It was therefore logical to assume that, by developing breeder reactors, we would produce continuously the fuel we needed without using up too much of our uranium reserves. The only drawback of this idyllic demonstration was that, contrary to uranium, plutonium is not found in nature. It is generated in the core of traditional nuclear power plants when uranium 238 "swallows" a neutron. In other words, the spent fuels of French power plants are chockfull of it. To extract it, all we have to do is to reprocess these fuels instead

of storing them in large pools for decades, until they have lost their radioactivity. And, in 1974, the decision was made quite naturally. France would reprocess all of its irradiated fuels and would recover the plutonium required for the breeder reactors it intended to build. Elementary.

The trouble is that, in the meanwhile, the situation did not evolve entirely according to the economic projections of the 1970's. The French energy consumption declined by 30 percent. France and other countries (Spain, Canada, Germany, the United States) considerably slowed down their nuclear programs. The construction of reactor units dropped to one or two in France, instead of five, and to zero in the United States. Simultaneously, world uranium consumption declined and, most unfortunately, large deposits were discovered in Canada, Australia and Brazil.

The prices of the precious metal collapsed and, with them, all the hopes the French had placed on breeder reactor technology, a field in which they had by then acquired an undeniable knowhow. In addition, the cost of these reactor systems kept rising. During the 8 years it took to build the first commercial prototype of the Superphenix reactor (1,200 megawatts), its cost rose to FF 20 billion. As a result, the kW/h price is now two and a half times higher than with a traditional uranium power plant. Not to mention the investments made to expand the La Hague reprocessing plant in order to produce more plutonium for these breeder reactors. When fuel loading is completed early in September, Superphenix will contain 5.5 tons of plutonium.

Even with group financing (Germany, Belgium, Great-Britain, Netherlands), it is quite a lot of money for a reactor system that is economically warranted only by a rise in uranium prices which experts say will occur in the late 1980's. "If you look at the increasing interest shown by all nations for breeder reactors, it is hard not to admit that these investments were necessary, even if their profitability is postponed to the year 2050," Georges Vandryes, the father of the French breeder reactor system at the CEA, insists.

Actually, at the symposium on the development of breeder reactors throughout the world that took place in Lyons this week, there were over 400 representatives of some 30 countries, including China and East European countries. According to the assistant director of equipment of EDF [French Electricity Company], president of Nersa (the European company that is the prime contractor for Superphenix), Boris Saitcevsy, "this meeting at the highest level materialized the international consensus that is being formed around the breeder-reactor system, which has now reached its technological maturity. Events like those that are now battering South Africa, a major uranium exporter, show clearly how important it is for our countries to guarantee their independence as far as energy is concerned."

"It costs a lot, it is useless, and in addition all reactor-safety and fuel-cycle control guarantees are far from being provided," Jean Tassard, in charge of Energy at the CFDT [French Democratic Confederation of Labor], retorts. Those opposed to nuclear power insist on the risk--characteristic of breeder reactors--of a type of explosion called "nuclear excursion." According to official computations, in Superphenix such an accident would eventually



release a mechanical energy of 600 million Joules, i.e. the equivalent of exploding 150 kg of TNT! To contain this energy, the plutonium in the reactor core is protected by a coolant, liquid sodium, and by two concentric vessels, one of which, the main vessel, contains more liquid sodium while the other, the safety vessel, contains nitrogen to isolate the sodium, as the latter is highly flammable when it comes in contact with water. Therefore, the protection system designed to exhaust heat from the radioactive core constitutes itself an appreciable fire hazard.

Last February, vibration problems--which have now been solved--developed at the top of the vessels and further increased the doubts that some have about the integrity of the system. They now see only military objectives in the persistence of the authorities to retain the breeder reactor system. (Plutonium is used as a "match" to trigger thermonuclear fusion reactions in H-bombs and neutron bombs).

The Superphenix power plant will be placed in service next September (it will be connected to the EDF network toward the end of this year), and it will have one year to prove itself. The future orientations of the French nuclear policy are now dependent on whether or not Superphenix passes the test, and on the assumed price of uranium... A new type of breeder reactor, more powerful (1,500 MW) and far more economical, the "RN 1500" (fast-neutron reactor), is already in the works at the CEA. They are even talking about taking American and Japanese partners. One more year, then, and we shall know whether Superphenix will equal Concorde and Ariane as a French technological success.

#### Breeder Reactors Worldwide

Ten breeder reactors are now in operation throughout the world: 4 in the pre-industrial stage in the USSR, in Great-Britain and in France (Phenix, the older and smaller brother of Superphenix, with 250 MWe); 3 in the demonstration stage in the FRG, the USSR and the United States; 3 in the research stage in Japan, the United States and the USSR. Five more are now under construction in Japan, India, the FRG, Italy and France (Superphenix is the largest ever designed).

The four poles of development of the breeder reactor system throughout the world are therefore Western Europe, Eastern Europe, Japan and the United States, with technologies that are very similar. The fuel is a blend of plutonium and uranium in the form of oxide; the coolant used is liquid sodium; reprocessing is based on the fuel cycle of traditional pressurized-water power plants.

In the United States, amounts in excess of FF 4 billion are devoted every year to the development of breeder reactors. However, there has been no construction program since the Clinch River reactor project was cancelled under President Carter. Nevertheless, the Americans have excellent experimental facilities (FFTF [expansion unknown] in Harford).

In Japan, the Joyo experimental reactor has been operating for several years. A demonstration reactor, Monju, is under construction.

In Eastern Europe, the USSR has reached the pre-industrialization stage in its breeder reactor program with the BN 600 (placed in service in 1980), which has a power output of 600 MWe. To-date, this reactor is the largest breeder reactor in operation in the world. The program also includes an 800-MWe reactor whose site is now being prepared, as well as a 1,600-MWe project.

In Western Europe, the FRG, Great-Britain, Italy and France are devoting every year from FF 1 to 1.5 billion to the development of breeder reactors. Under an agreement signed in 1973, power companies in Italy (33 percent), and in Germany, Belgium and the Netherlands (16 percent together) are associated to EDF (51 percent) in the Nersa company, which is building the Superphenix reactor. In January 1984, a memorandum of agreement was signed by France, Germany, Italy, Great-Britain and Belgium. Through specific agreements, its goal is to optimize the various R&D programs to design and build the future European breeder reactors as well as processing centers.

Budget (in billions of French francs, 1983)

France . . . . .	1.20
Germany. . . . .	1.55
Italy. . . . .	1.27
Great-Britain. . . . .	1.05
Japan. . . . .	1.33
United States. . . . .	4.13

These are the annual public-funds R&D budgets allocated to breeder reactors throughout the world (source: International Energy Association). These figures are for reactor research and development, cycle and safety.

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CSO: 3519/271

ENVIRONMENTAL QUALITY

ITALY

PILOT PROJECT FOR TREATMENT OF URBAN SOLID WASTE

Rome NOTIZIARIO DELL'ENEA in Italian Mar 85 p 86

[TEXT] The idea of March was opening day in San Giovanni al Natisone in Udine, for a pilot plant to produce fuels from solid urban waste residues (RSU), built by ENEA and by DANECO (Danieli Ecologia SpA), under an association contract.

On hand for ENEA was Vice President Luigi Noe, while Daneco's representative was company president Luigi Danieli.

The plant can process 1.5 to 2 tons per hour of untreated waste and has the capacity to test various processing cycles on various waste materials in different ways according to the desired end-product. It can also identify the design and capabilities of machines needed to complete the several processing cycles and produce different kinds of fuel from solid wastes that are tailor-made to embody the requisite physico-chemical features (heating power, chlorine content, etc.).

Urban solid-waste management is one of the major sectors of intervention by local governments in the environmental field, and it involves both municipal and private companies, in addition to the industrial firms that design and build liquid-waste-treatment technologies and plants.

There has been growing interest in the last few years in optimizing (in terms of cost and energy) the traditional methods of waste disposal, such as uncontrolled dumping and incineration, along with a number of ingenious suggestions for encouraging recovery and recycling of such materials and utilizing their energy potential which has been developed into practical proposals.

Among the treatment processes for RSU those calling for recovery of raw materials and/or energy consist in a sequence of physical and mechanical operations to identify and separate homogeneous classes of products such as metals, glass, organic compounds and combustible materials (paper, plastics, rags, etc.). However, the heterogeneous nature of such materials, like their disparate physical and chemical properties, pose serious problems, both in the design and planning phase of processing plants and during their operation.

ENEA, in the solid-urban-waste sector, is committed to the support of local agencies in providing waste disposal organization plans, in technical and economic analyses and assessment of available treatment technologies, and in industrial development and propagation of processes and systems for energy or materials recovery.

Daneco has developed some innovative technologies designed to turn environmental protection plants into more complete installations that can produce re-usable materials and recovered energy.

The pilot plant designed and built by ENEA and Daneco is an experiment of great interest to planners and suppliers of waste-processing facilities as well as to users such as municipally owned trash-collection departments, cement plants, ENEL, brick kilns, steel plants, etc.

This plant module, suitably enhanced with machinery and equipment, can be converted into a "Test Station" for processes, products, and components for use by industrial organizations and research people involved in the RSU sector.

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CSO: 3528/83

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**DATE FILMED**

September 26, 1985